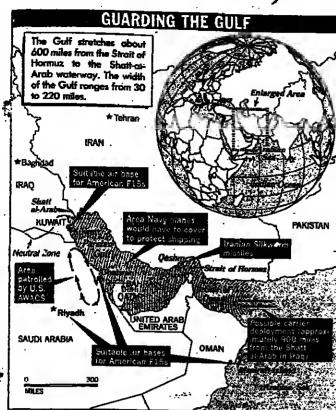
Iran Warns U.S., Soviet Union



Allies Cool to U.S. Call For Joint Effort in Gulf

istration in plans to provide mili-tary protection for merchant ships

extent to which President Ronald

Reagan and his aides have thought.

out the need for military deploy-

Reports that the U.S. escort op-

erations are now due to begin only

in the French press as a pullback by

NEWS ANALYSIS

minute to have gotten itself out of

one of those messes for which it has

For the most part, official silence

has greeted a call Tuesday by Ca-

Gulf open for oil shipping.

ficials and news reports.

ministration plans.

become famous."

moving through the waterway.

By Edward Cody PARIS — Despite heavy dependence on Gulf oil, the major U.S. allies have shown a noticeable re-luctance to join the Reagan admin-tions in the Gulf and about the allies have shown a noticeable re-

Kiosk **Israel Orders** Shin Bet Inquiry

JERUSALEM (AP) — The Israeli cabinet voted Sunday to hold a judicial inquiry into the interrogation methods used by the Shio Bet security service. The service has been accused of fabricating evidence and torturing prisoners.

ig prisoners. Sixteen cabinet ministers vot ed lo start a secret inquiry; subpoena witnesses and documents, Israeli radio reported.



Chris Evert made the quarterfinals at the French Open, beating Katerina Maleeva. Page 19.

GENERAL NEWS

■ American evangelicalism has much at stake as the Reverend Jerry Falwell works to revive the PTL ministry.

The New York Yankees broke the Oakland Athletics' four-game winning streak Sun-Page 19. day, 9-5. BUSINESS/FINANCE

I italy added its voice to calls for West Germany to stimulate its economy.

Says Gulf Area Is'NotaToy'

By Jonathan C. Randal

Washington Post Service NICOSIA — Foreign Minister Ali Akbar Velayati of Iran warned the United States and the Soviet Union on Sunday against interven-ing in the Gulf War.

The warning came as Tehran announced that seven Kuwaiti highspeed gunboats had been detained while "spying" for Iraq.
Observers suggested that Iran

was embarking on a major propaganda exercise to strengthen U.S. congressional criticism of the Reagan administration's plan to pro-vide navy escorts for Kuwaiti tank-

ers.

The Iranian news agency said the Kuwaiti speedboats were detained recently near the Khour Abdullah estuary at the head of the Gulf. It said the gunboats' crews had confessed to spying for Iraq, proving

Kuwait's "new treachery." For months, Tehran has singled out Kuwait, a small, essentially defenseless oil-producing state, attacking its tankers in the Gulf and launching attacks on its territory.

Those attacks prompted Kuwait to seek help from both Moscow and Washington. The United States has agreed to protect Kuwaiti shipping after putting it un-der U.S. stewardship, and the Sovi-et Union has agreed to transport Kuwaiti petroleum products in its

The Iranian foreign minister, in Their unwillingness reflects stopover in Abu Dhabi during a visit to Arab Gulf states, reiterated his country's opposition to superpower involvement in the Gulf, which Tehran has denounced as

disguised aid to Iraq.

Mr. Velayati said that Iran would not allow the superpowers ment and its possible conseences, according to European ofor any other force to interfere in the In some ways, the hesitation in region.' Western Europe amounts to a dis-

While warning that Iran would not tolerate foreign powers turning the Gulf into a "toy in their hands," creet foreign version of the noisy doubts raised in Congress over adhe was vague when asked what action Tehran would take if the superpowers increased their fleets in after several weeks were portrayed Iran, he said, would "deal with

each incident according to the cir-

Strategists have suggested that Mr. Reagan. The newspaper Liber-ation said Sanurday. The Reagan administration seems at the last Iran has little interest in directly challenging that soperpowers hy attacking warships or commercial shipping flying their flag.

■ Navy Seeks More Ships George C. Wilson of The Washington Post reported from Washing-

spar W. Weinberger, the U.S. secre-Admiral William J. Crowe Jr., tary of defense, for support from the NATO allies to help keep the chairman of the Joint Chiefs of Staff, has told President Ronald Reagan that the United States Mr. Weinberger, in Brussels for a should not start escorting Kuwaiti North Atlantic Treaty Organiza- an administration commitment to tion, expressed hope that; collec- retaliate for any attacks on U.S. tively or individually, NATO mem-ships, according to informed seek marriage licenses and for hers could provide aid. He sources. suggested that NATO members

See GULF, Page 5



Labor Cuts Thatcher's Lead in U.K. Polls

Prime Minister Margaret Thatcher and ber busband, Denis, walking in London Sunday. New polls indicated that the Labor opposition was cutting into the Conservative lead for the June 11 election. A Harris poll said Labor had cut Mrs. Thateher's lead to 4 percentage points, the narrowest margin of any sample since the election campaign began. Three other polls suggested Mrs. Thatcher was still between 4 and 12 points ahead, with Neil Kinnock of Labor gaining ground, but slowly.

Reagan, Citing 'Urgency, Not Panic,' **Orders Tests for AIDS for Prisoners**

The Associated Press

WASHINGTON - President Ronald Reagan, saying the AIDS epidemic "calls for urgency, not panic," announced Sunday that he was ordering testing of federal prisoners for the virus and recommending that states offer testing to marriage license applicants.

Mr. Reagan also said AIDS would be added to the list of diseases for which immigrants can be denied entry to the United States or refused permanent residence.

"In addition, I've asked for a review of other federal responsibilities, such as veterans hospitals, to see if testing might be appropriate in those areas," he said in remarks prepared for delivery to an AIDS fund-raising dinner. It was his first major speech on acquired immune deficiency syndrome.

"While recognizing the individ- has infected up to a quarter of the ual's choice, I encourage states to offer routine testing for those who those who visit sexually transmit-The admiral also warned the ted disease or drug abuse elinics," the president said. "And I encour-

age states to require routine testing in state and local prisons." He said he has asked the Justice

eral prisoners and to look into ways of protecting uninfected inmates and their families. The speech was prepared for de-

ivery at a dinner of the American Foundation for AIDS Research, held on the eve of a weeklong scientific conference on the disease

By Blaine Harden

population of some capital cities, is

now seen by some African govern-

ments and Western aid donors as

an economic and developmental

The Third International Conference on AIDS, opening in Washington on Monday, will bring to-Department to plan to test all fed- gether more than 6,000 scientists to hear presentations on the latest research into the causes, spread,

> The conference is sponsored by the U.S. Department of Health and Human Services and as U.S. Public See REAGAN, Page 7

Epidemic Threatening Elite of Africa

AIDS Toll Aggravates Shortage of Skilled Professionals

Soviet Dismisses Defense Chief in Plane Incident

By Gary Lee
Washington Post Service
MOSCOW — The Soviet leadership, charging the Defense Ministry with "a major dereliction of duty," has retired Defense Minister Sergei L. Sokolov and dismissed the commander of the country's air defenses. The moves came after a 19-year-old West German piloted a single-engine plane across the Soviet Union and landed it in Red

Following the ruling Polithuro's emergency meeting Saturday about the airplane incident, the Tass news agency announced that General Dmitri T. Yazov, 63, had been appointed the new defense minister and that Marshal Sokolov, 75. bad been retired.

General Yazov was promoted from his post as deputy minister for defense in charge of personnel.

Tass said that General Yazov had earlier served as a commander of Soviet troops in Soviet Central Asia and in the Far East. He is also a nonvoting member of the Soviet Central Committee.

For Western experts in Moscow, General Yazov's appointment as defense minister comes as a sur-prise. Western diplomats based in the capital had expected the post to go to General Pytor G. Lushev, a deputy defense minister who had assumed many of Marshal Sokolov's duties in recent months.

The Politburo, Tass said. had heard a Defense Ministry report about the flight taken Thursday by the young West German, Mathias Rust of Hamburg, and then charged the Soviet anti-aircraft de-fense forces with "intolerable un-of the Soviet military, may be altion with the violation of Soviet air trial, a Soviet spokesman said Sun-

The Tass report said that Marshal Sokolov, who has been ill, was ambassador to West Germany and relieved of his duties in "connection with his retirement.

But Tass said the Politburo leveled severe charges at the entire defense leadership in the airplane episode, saving the incident "attests to serious aborteomings in or-

■ Out of the blue, a test for Mikhail S. Gorbachev as he faces criticism that his policies are undermining discipline. Soviet Aide Says Pilot

ON PAGE 7

■ The light plane that reached Moscow evaded an enormously

extensive Soviet air defense.

May Be Freed

By Bill Keller New York Times Service

MOSCOW - Mathias Rust, the West German teen-ager whose aeconcern and indecision" in connec- lowed to go home without standing

Valentin M. Falin, former Soviet now chief of the official Novosti would probably not be runished for flying a single-engine plane across the beavily defended Soviet frontier and landing it Thursday near the Kremlin.

"On the one side, he will be thanked, that be made us aware of the gaps in our air defense system, Mr. Falin told a German newspaper. The remarks were confirmed Suoday night hy an aide in Mos-

"It could be that he will bave to appear in court; that would be nor-mal in such n case," Mr. Falin told syndrome is viewed as a particular- ease appears to be an important Washington Past Service ly severe threat to Africa, the factor in the spread of AIDS. The NAIROBI, Kenya — AIDS in world's poorest continent, hecause prevalence of gonorrhea, for examthe Hamburger Morgenpost in an interview to be published in its central and eastern Africa, which has infected up to a quarter of the limited pool of professional and in Kampala and 7 percent in Nai-Monday editions. "But I assume that the young man will soon see robi. (In London, the figure is 0.3 his parents and friends." Health authorities in Africa and percent; in Atlanta, 2.5 percent.)

A deputy to Mr. Falin said Sunday night that the Novosti chief demic could, in a sense, decapitate sores resulting from venereal infec- meant that Mr. Rust might be resome African countries. It is aggra- tions may facilitate transmission of quired to go to court to have the charges read to him hut that he Tests of 1.000 pregnant women would be allowed to leave "before a

The deputy stressed that this was "Mr. Falin's opinion," hut that the Novosti editor is regarded as a confidante of Mikhail S. Gorbachev any other region, according to the Kampala hospital found that the and a man who chooses his words

Western analysts tried to piece together details of the air defense breakdown that enabled Mr. Rust to travel more than 400 miles (650 "In terms of deaths, the AIDS kilometers) through Soviet airspace

Initial indications were that the

Mr. Falin said Soviet radar picked up the single-engine Cessna 172 crossing the border of the Esto-nian republic from Finland, but the military "presumed it was a Soviet

Later, according to the account See PILOT, Page 7

At a French Theme Park, the Magic Is Marred

By Julian Nundy

See ALLIES, Page 5

mal Herald Tribun PONTOISE, France - Its official name is Mirapolis, Paris's first theme park, a bomegrown rival to Disneyland.

But one journalistic wit has already dubbed it "Mirapolice," after the officers who protect it from commando raids by traditional carnival Mirapolis, inaugurated May 20 by Prime

Minister Jacques Chirac, is one of the first in a generation of French-inspired theme parks. They were conceived partly in reaction to criticism that plans for a Eurodisneyland east of Paris, scheduled to open in five years, will give French children a surfeit of alien, trans-

The centerpiece of Mirapolis is a huge and brightly-colored model of the giant Gargantua,

a hero of the 16th-century writer and scientist

François Rabelais. The benevolent-looking 100-foot (31-meter) giant holds a fork supporting an entire cow in one hand and a glass of wine in the other. It dominates the flat countryside around it, breaking the monotony of rows and rows of electricity pylons.

Mirapolis, 22 miles (36 kilometers) northwest of Paris, has attracted a good deal of attention, but mainly because of violent incidents that marred its first days.

Workers from traditional carnivals, protesting tax concessions given to modern theme parks and contesting the need for competition for the old-fashioned fairs that have plied their trade in Europe for centuries, twice attacked

On the first occasion, one day after the park

opened, about 200 of them turned up and

catastrophe.

Before terrified children and parents, they set about smashing machinery and putting detergent in fountains and sand in pumps and gearboxes, wimesses said.

"Nothing worked," one Mirapolis employee said. "They cut conveyor belts, electric cables, sprayed water on electrical systems and smashed up most of the kiosks and restrooms."

Two and a half bours after the havor began. riot police and ambulances arrived. The police officer in charge, Inspector Christian Perret, was hurt by a blow to his face with an iron bar. No one was arrested. Mirapolis's insurance company gave the park

See PARK, Page 7

Acquired immune deficiency people and raises the prospect of

economic, political and social dis-order. at a maternity hospital in the trial." Ugandan capital in 1986 found The AIDS, which cripples the body's that 13 percent were infected with immunity system against fatal dis- the AIDS virus. In February, tests eases, has hit Africa harder than of 170 pregnant women at the same walked in peacefully after buying entrance tick-

technical elite.

women in urban areas of the worst- cent tests suggest a comparable levhit countries were infected with the el of infection. A1DS virus, according to published

vating a severe shortage of skilled the virus.

primarily through heterosexual contact. Since the epidemic started short-term problem," Mr. Tinker in Africa in the late 1970s and early said. "AIDS will continue year af-1980s, men and women have con- ter year. Nothing we do - screentracted AIDS in equal numbers.

high rate of untreated venereal dis-

World Health Organization.

Last year, from 1 to 18 percent of healthy blood donors and pregnant Kigali, the capital of Rwanda, re-

observers elsewhere say the epi- Researchers speculate that genital

epidemic in Africa will soon be as unimpeded, Unlike much of the world, where serious as the African famine of a AIDS has been spread primarily couple of years ago," said Jon Tin-through homosexual contact, intra-ker, director of the Panos Institute, technological. venous drug use and blood transfu- a London-based organization that sion, the disease in Africa is spread analyzes Third World AIDS data. "But the famine was a relatively

ing of blood, education, distribu-Researchers agree that Africa's tion of condoms - will have any See AFRICA, Page 7

Israel's Bittersweet Victory: A Coming of Age in '67 Brings a Legacy of Uncertainty

By Glenn Frankel ingten Post Service JERUSALEM - The warplanes left in waves on that crystal blue Mediterranean morning, headed due west over the sea, then hooked back to enter Egypt from behind, flying less than 1,000 feet above the ground to elude radar. It took them 35 minutes to get

there and only a few minutes more to accomplish their mission. By 10 A.M. it was over. Israel had destroyed more than 300 Egyp-

The Six-Day War: 20 Years After

This first article in a series on the legacy of the Six-Day War deals with its impact on Israeli society.

of the Middle East's largest air armada, most of them on the ground. Six bours later an officer finally worked up the courage to give an incredulous President Gamal Abd-

el Nasser the bad news: no longer have an air force."

..... And Sames to consess.

The Six-Day War effectively was decided with that preemptive first strike of Israeli lightning on that Monday morning, June 5, 1967. With its air superiority firmly established, Israel proceeded swift-

ly and methodically to defeat enemy forces three times its size in a breathtaking three-front campaign. Working as quickly as the Lord of Genesis, Israel recreated the Middie East in six days. In Israel, it was a time of joy and redemption, a harrowing, narrow

escape from the jaws of destruction for a nation that saw itself as small, lonely and vulnerable. Israel suddenly controlled the Sinai Peninsula, the Gaza Strip, the Golan Heights and the West Bank. a vast stretch of territory three times its original size and a crucial margin of security against future

And it had won the higgest prize capital of world Jewry, now reunited under Jewish rule for the first time in more than 2,000 years.



Israeli soldiers holding a captured Jordanian flag in Jerusalem during the Six-Day War.

e description of the common of the second of the common of

Palestmian Arabs who Israel saw as and the ideals upon which it was year longer than Jordan did before

Yet the victory also produced a posing a permanent threat to its founded.

Yet the victory also produced a posing a permanent threat to its founded.

Yet the victory also produced a posing a permanent threat to its founded.

Yet the victory also produced a posing a permanent threat to its founded.

Twenty years later, Israel has to the myth that these lands are controlled East Jerusalem, the under temporary occupation, there there is the posing a permanent threat to its founded.

Twenty years later, Israel has to the myth that these lands are controlled East Jerusalem, the under temporary occupation, there frightened and potentially hostile have challenged the Jewish state West Bank and the Gaza Strip for a is no end in sight.

of its soul. But the real legacy is ference. more complex. Israel came of age with the Six-Day War, and Israeli society has become simultaneously more democratic, more bawkish, more complex.

tradictions. Into the vacuum stepped a right- Palestinians are willing to accept.

ist coalition led by Menachem Beyet another conflict, the 1982 Leha- occupied territories. non war. These eras are over hut the problem remains: how to rec-

Since the formation of the "na- hetween Jews. tional unity" coalition government 32 mooths ago, the Labor Party and 60 percent of the Israeli popu-

almost everything about Israel - bund Middle East peace process outright annexation followed by its borders, its economy, even its and reassert his party's long-dissisteps to encourage Arab residents dreams.

The cliche among critics is that Israel gained territory but lest part

of Jordan via an international conboth Lab

> His gamble so far has been their agendas partially concealed to blocked by Prime Minister Yitzhak avoid offending supporters on their Shamir of the Likud bloc.

But even if Mr. Peres, now the more polarized and, above all, foreign minister, succeeds in con- Bureau of Statistics project that the vening a meeting, many in Israel combined Arab population in Isra-The old governing Labor Party question where the talks can lead el and the territories will exceed aristocracy, confronted with a prize when the irreducible minimum that three million by the year 2000, it could neither fully embrace nor Israel says it could agree to seems abandon, withered in its own con- so far removed from the minimum that even Hussein and moderate

gin that burned intensely, made a trol of Jerusalem and retention of about democracy? Neither Labor lasting mark and exhausted itself in significant strategic portions of the nor Likud has answers. this, it is doubtful whether Israelis locked into permanent domination

sire to bold onto the occupied warned that any such return of ter- Meron Benvenisti. a social scienritory might lead to a civil war tist.

Polls suggest that between 50 leader, Shimon Peres, has sought to lation oppose territorial conces-

With the public so polarized, both Labor and Likud tend to keep

their own positions blurred and left and right flanks. Demographers for the Central

compared to 4.2 million Jews. If all the Arabs are granted voting rights, it is asked, then what will happen to the Jewish nature of the Israel insists on continued con-state? If they are denied, then what

And so the stalemate continues Even if the the Arabs accepted and with it the fear that Israelis are oncile the desire to be both a Jewish would go along. Leaders of Jewish of another people, a "horse-and-and democratie state with the de-settlers in the Wess Bank have rider society" in the words of

> He argues that the point of no return has been reached, that Israel and the West Bank are too closely See WAR, Page 7

High Toll Is Reported

In Sri Lanka Offensive **Against Tamil Rebels**

By Steven R. Weisman New York Times Service

COLOMBO, Sri Lanka - The Sri Lankan armed forces pressed a major offensive against Tamil insurgeni strongholds in the north over the weekend, amid reports that bundreds of people bad died in fighting and bombardment during

Military analysis called the fighting the bloodiest and most important in Sri Lanka's four-year ethnic

The army was said to be trying to wipe out rebel military bases, kill guerrilla leaders and secure perhaps a third of the Jaffna peninsula in the north. The peninsula is dominated by Tamils, who want to set



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or in Paris. Tel.: 47 58 12 25 Toll free (from France only) up an independent nation in the north and east.

The government has said that since the offensive began Tuesday, nearly 200 people bave been killed. three-quarters of them Tamil guerrillas. The government announced Sunday that soldiers had found 17 bodies at a Hindu temple, raising the official civilian death toll to 37.

Tamil spokesmen here and in India, where several guerrilla groups have their political bases, said that as many as 1,000 civilians died last eek in belicopter and airplane bombardments, especially in and around the city of Jaffna, which has a population of 800,000.

It was difficult to independently verify of any of the reports because journalists have largely been barred rom the north.

As the fighting continued in the peninsula just west of the town of Point Pedro, Sri Lanka's foreign minister, A.C.S. Hameed, denied a charge by India that the govern-ment had killed civilians in what he called "carpet bombing" of Jaffna and the surrounding area.

He said the government had neither the means nor the intention of carrying our such dense bombing. Earlier, Prime Minister Rajiv Gandhi of India, who has been trying to mediate a political solution to the conflict since 1985, appealed

for restraint by Sri Lanka and was reportedly angry that his appeals were being ignored.
Indian officials, who are under some public pressure to intervene, perbaps even militarily, on behalf of the Tamils, warned that the wid-

Responding to the Indian charges, Mr. Hameed said it was Sri Lanka that was trying to eliminate outside influences but was being thwarted by India from taking "legitimate steps" against the Tam-

ening war was making the region

vulnerable to "external influ-

il insurgency. Sri Lanka has repeatedly accused India of providing arms, political support and sanctuary to the guerrillas. The beated exchange appeared to eliminate chances of an early settlement or even of negotiations between the government and

the Tamil insurgents. About 16 million people live in Sri Lanka off the southern tip of India, Three quarters of them are ethnic Sinhalese, Buddhists who speak the language of Sinhalese,

The Tamils, who make up less than 20 percent of the population on the island, are Hindus, They feel kinship with the 50 million Tamils in the southern Indian state of



Singapore police arresting Joshua B. Jeyaretnam, center, leader of the Workers' Party.

Singapore Arrests 3 Opponents Party Chief, 2 Members Protested Seizure of 16 Suspects

By Michael 'Richardson nal.Herald Tribune

SINGAPORE — A prominent opposition leader and two members of his party were arrested this weekend as they beld a protest outside the president's official residence over the detention without charge of 16 suspected Commu-

nists by the Singapore government. The police said that Joshua B. Jeyaretnam, secretary-general of the Workers' Party, and two colleagues were taken into custody Saturday for attempting 10 hold an assembly without a permit and obstructing the police. The three were later released, the police said, after each agreed to pay personal bond.

They beld their protest outside the residence of President Wee Kim Wee. Prime Minister Lee Kuan Yew has his office in the same compound.

Four of the 16 persons detained on May 21 had links with the Workers' Party. The 16 were beld for alleged involvement in a Communist conspiracy to infiltrate and subvert church, student and other legally established organizations.

Mr. Jeyaretnam said at a press conference last week that his party "has never been, and will not allow

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itself to be, used by anybody for and fined him for making a false any subversive purpose or objective declaration in his party's accounts.

The 16 were taken in for ques-

He asserted that the detention of the 16 was intended to intimidate Singaporeans so that they would not support any political party other than the governing People's Action Party, which has been in power

In a statement published in the Singapore press on Saturday, the Ministry of Home Affairs said that the Workers' Party had been infiltrated three times by Communists since it was formed in 1957.

It said that 4 of the 16 had given assistance to the Workers' Party in the last general elections, in 1984. It further alleged that two of

them had gradually maneuvered themselves into positions of influence in the party and captured control of the party paper, "which they saw as a useful medium to disseminate anti-government propaganda and influence public opinion against the government."

Mr. Jeyaretnam, a long-time political foe of Prime Minister Lee, was one of two opposition mem-bers in Singapore's 79-seat Parliament. He lost his seat in November after a court jailed him for a month

The 16 were taken in for ques-

tioning under the Internal Security Act, which allows authorities to detain suspected political or religious radicals indefinitely without trial. Two of the 16 are Malaysians. The

rest are Singaporeans. Their detention prompted expressions of concern from lawyers' associations and other groups in Singapore and Malaysia. They have asked the government to charge the suspects in court or free

Param Cumaraswamy, chairman of the Malaysian Bar Council, said in a telegram to the Home Affairs Ministry in Singapore: "On behalf of 2,300 Malaysian lawyers 1 appeal to you to charge the 16 in court if they had committed an offense. first time that Thailand had com-Otherwise, in the name of justice, please release them unconditional-

The council of the Singapore Law Society called on the government to complete investigations as quickly as possible and either release or charge Teo Sob Lung, one during which, a diplomat said, "he of the detainees. She is lawyer and Ten of the 16 were Roman Cath-

olic Church workers. The Reverend Edgar K. D'Souza, a priest who acts as press haison officer, for Archbishop Gregory Yong of Sin-gapore, said in a statement on Wednesday that if any of the 16 had admitted the charges made be in the hundreds. against them while in detention, "we wish to know if these confes- in the passes," one diplomat said, sions and admissions have been "but this one stands apart for the or inducement."

A diplomat said be felt that the government still had to prove beyoud reasonable doubt that all 16 political change by unconstitutional means.

Tan Wah Piow, a former Singa-pore student leader now in Britain,

A Thai mili has denied an accusation by the Home Affairs Ministry that he was with more than 100,000 mines. the "mastermind" behind the Communist plot to subvert the island

In an interview with Reuters, he the en was quoted as saying: "I don't be-clear. lieve that Singapore can ever, or I believe in bringing changes within the rule of law."

under the Internal Security Act. He the border. is studying law at Oxford Universi-

He told the Sunday Times, a Singapore newspaper, that he had been informed last week by Singaporean anthorities that he had 21 days to appeal against removal of ratebthan his citizenship because he had been Thailand. away from the country more than

Mr. Tan was arrested in Singa-pore in 1974 for unlawful assembly and rioting. He was later convicted and sentenced to 12 months' im-

The Ministry of Home Affairs said be went to Britain in 1976 on a Singapore passport with a forged renewal endorsement to evade compulsory national service.



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UNIVERSITY SACHELOR'S . MASTER'S . DOCTORATE

Vietnamese By Seth Mydans . New York Times Service BANGKOK --- In a largely hidden conflict in a mountainous bor-

Thais Press

Campaign to

Drive Out

der region, Thai and Vietnamese forces are locked in what appears to be their most intense engage-ment since Vietnam invaded Cam-

bodia more than eight years ago. Fighting in the Chong Bok area where the borders of Thailand. Cambodia, and Laos intersect, has reportedly continued since January, as Thai soldiers try to dislodge the Vietnamese from entrenched

positions just inside Thai territory. Despue reports of high casual ties from Vietnamese artillery and mines, the Thai regional command er recently announced that the offensive would continue until security was restored.

The United States has joined Thailand's Southeast Asian allies in condemning Vietnam's "clear violation of international law" and in calling on Hanoi to withdraw its

A spokesman for the Thai 2d Army, commanded by Lieutenant General Isarapong Noonpakdi, said a road was being built several miles into the rugged area to make it easier to resupply troops and evacuate the wounded.

The Vietnamese occupation of several hills on an important infiltration route from Thailand into Cambodia appears to be part of a largely unsuccessful two-year attempt to seal the border against forces fighting the Vietnamese-backed Cambodian government. Since Vietnam invaded Cambo-

dia at the end of 1978, its occupying force, now numbering about 140,000 men, has been harassed by guerrillas operating from camps along the Thai border.

Vietnamese troops have often intruded into Thailand. The Thais have fought many small and a few brief, larger battles with the intruders. But previous Thai policy has usually been to ignore Vietnamese incursions into uninhabited areas Diplomats said that this was the

mitted itself to a protracted engagement against entrenched in-On March 21, the army com-

mander, General Chaovalit Yongchaiyut, broke Thai secrecy over the conflict in a visit to the area nailed the flag to the map" and vowed to clear the Vietnamese from Chong Bok.

Thai military officials have since released sketchy and conflicting details about the fighting. Their reports of Thai casualties bave ranged from 45 to 72 dead. Western diplomats said the death toll could "There have been battles before

given under any form of duress, depth and permanence of the Vietcoercion, intimidation, threat, fear namese penetration and for the Some Singaporeans privately expressed skepticism that those detained had the ability to cause trouting about it, going in again and He said the Vietnamese held the

tactical advantage, with trenches detainces were seeking social and apparently tunnels along the rocky ridges and with well-prepared fields of artillery fire that can saturate the hillsides whenever they

A Thai military official estimated that the area had been seeded

The Thais bave reportedly attacked with artillery and air strikes as well as infantry. The effect on the entrenched Vietnamese is not

should ever, be a Communist state.

I believe in bringing changes within area was in fact inside Cambodia, In a radio broadcast last weekand it accused Thailand of carrying Mr. Tan is wanted in Singapore out air and ground attacks across

> ese officers had been captured carrying American maps that show the area to be inside Thailand.

The fighting is taking place in the Nam Yuen district of Ubon-

ratchthani Province in eastern Thai villagers living in scattered settlements within three miles (five kilometers) of the conflict have

been evacuated, according to a newspaper account. The Thai military, after initially making public little information about the fighting, bas begun issu-ing almost daily reports, but corre-

spondents have not been permitted into the battle area. The leader of the opposition Prachakorn Thai Party, Samak Sundaravej, recently questioned the of-ficial casualty count and called on military officials to explain why soldiers were being sent to Chong

Bok "only to be slaughtered." Since early 1985, the Vietnames have sought to seal off the 750-mile Thai-Cambodian border with a barrier of cleared land, barbed wire

But the guerrillas have succeeded in penetrating into Cambodia more deeply and for longer periods than before, diplomats said.

WORLD BRIEFS

Mitterrand Rejects Falklands Parallel

SAINT PIERRE AND MIQUELON, France (Renters) — President François Mitterrand was angered by suggestions that France send forces to guarantee fishing rights off these French islands near Canada's province of Newfoundland, presidential aides said Sunday.

During a brief visit to the islands on Friday at the end of a five-day state visit to Canada, Mr. Mitterrand was urged by Albert Pen, a member of the French Senate and mayor of Saint Pierre, to act "with the same firmness" shown by Prime Minister Margaret Thatcher of Britain in

defending the Falkland Islands in 1982.

"The parallel with the Falklands is badly placed." Mr. Mitterrand said. He said be had tried to revive negotiations on French fishing rights in Canadian waters but there had been no major progress. However, his aides said he departed from a prepared text to toughen criticism of Canada in response to Mr. Pen's statement.

Hart-Rice Photo Sold by Her Friend

NEW YORK (NYT) -- A friend of Donna Rice, Lynn Armandt, asked for \$25,000 from The National Enquirer for a photograph of Gary Hart with his arm around Miss Rice, according to a person with knowledge of

The photograph, which showed Miss Rice sitting on Mr. Hart's lap with her arm over his shoulders, was published last week on the cover of magazine, less than three weeks after Mr. Hart dropped his presidential campaign amid reports about his relationship with Miss Rice. She is a pharmaceuticals sales representative and part-time model and acress. Miss Armandt had said that for \$50,000 she would sell her exclusive

story of the overnight trip that she, Mr. Hart, Miss Rice and another person took to Bimini, the source said. The photograph was taken by Miss Armandt during the trip.

Seoul Apologizes in Police Cover-Up

SEOUL (Reuters) - The South Korean government has apologized for a police cover-up in the torture and killing of a student activist and renewed a pledge to improve human rights.

Prime Minister Lee Han Key said Saturday in a statement that the government would provide more effective safeguards for hu-man rights to prevent the recur-rence of such incidents as the death in January of Park Chong Chol. He warned opposition forces not to exploit the incident and pledged stern punishment for any violence

and illegal protests.

On Tuesday, President Chun

Doo Hwan dismissed Prime Minister Lho Shin Yong, three other top cabinet ministers, the national police chief and the head of the state intelligence agency because of the



Lee Han Key

For the Record

Polish police arrested two Solidarity leaders Saturday in the northwest-city of Szczecin, bringing the total detentions of Solidarity officials to six in two days, relatives of the two men said.

TRAVEL UPDATE

Storm Injures Passengers on OE2

SOUTHAMPTON. England (Reuters)—Thomswip refitted Queen Elizabeth 2 docked here after what the crew called its stormest North Atlantic crossing in 15 years. A doctor in the ship's hospital said several of the 1,800 passengers had suffered brokers bones.

Winds of up to 50 miles (80 kilometers) are hour rocked the liner, throwing passengers and tood across the during moon, crew members said. The ship's captain strapped himself to his chair on the physical composer, who refused to play a scheduled concert after a Steamway plano flipped over. Crew members said windows were free-kelt and by those flipped over. Crew members said windows were knocked out by flying

furniture. The ship docked Saturday. A Czechoslovak Airlines plane carrying 19 passengers from Prague landed Sunday at Beirut International Airport. It is the second foreign

carrier to resume flights since the airport was reopened May 10: (AFP) The United Arab Emirates' lifth international surport will open in Fujsirah in September. The sixth is under construction. .: Reuters,

This Week's Holidays

Ranking hours and oc the following places this week because of national and religious holidays: MONDAY: Australia, Bahrain, Bhutan, Cape Verde Islands, Central African Republic, Colombia, Cook Islands, Hong Kong, Ireland, Kenya, Malaysia, Macao, New Zealand, Saudi Arabia. Venezuela, Western Samoa.

TUESDAY: Bhutan, Malaysia, Tunisia, Western Samoa.

WEDNESDAY: Israel, Malaysia, Western Samon.

THURSDAY: Touga. FRIDAY: Bahamas, Denmark, Equatorial Guinea, Iran, Scychelles.

SATURDAY: Finland, South Korea.

SUNDAY: Finland, France, Sweden, Norway

Source: Morgan Guaranty Trust Co, Restien.

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U.S. Air Schedules Altered To Cut Delays at 5 Airports

WASHINGTON — Transportation Secretary Elizabeth H. Dole has announced that several airlines have agreed to adjust schedules at five airports to reduce flight delays this summer.

five airports to reduce flight delays this summer.

The schedules, reached after months of negotiations by the sirlines, will begin to take effect Monday and will be fully in effect by June 15.

They will affect 444 takeoffs and landings. Travelers can check with the airlines to determine if particular flight times have been changed. The airports affected by the changes are Newark International, Hartsfield International in Atlanta, O'Hare International in Chicago, Dallas Fort Worth International and Philadelphia International. Dallas-Fort Worth International and Philadelphia International The Department of Transportation said that none of the schedule

changes were drastic adjustments; most involve changes of only a few minutes and none more than 30 minutes. No flights were eliminated. The airlines participating in the flight changes are Air Wisconsin, Braniff, Continental, Delfa, Eastern, Jet American, Metro Express, Metro Express II, Metro Flight, Northwest, Pan American, Piedmont, Trans World, United and USAir.

The Atlanta airport will have 23I flight schedule changes, by far the largest mumber. Thirteen flights will be adjusted at Newark, 13 at Philadelphia, 62 at Dallas-Fort Worth and 125 at O'Hare.

In addition to the 444 changes, which were announced Friday, the Department of Transportation said that some airlines had earlier independently adjusted the schedules for hundreds of other flights.

Correction

Because of editing errors, it was incorrectly stated in the Saturday-Sunday editions that Vincent Cheng, an official with the Roman Catholic Church in Singapore, was suspected of having built up contacts with members of the National Democratic Front in the Philippines. In fact, he is suspected of having ties with the Communist Party of the Philippines. The National Democratic Front is a mass organization that includes both Communists and non-Communists



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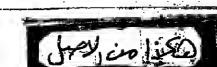
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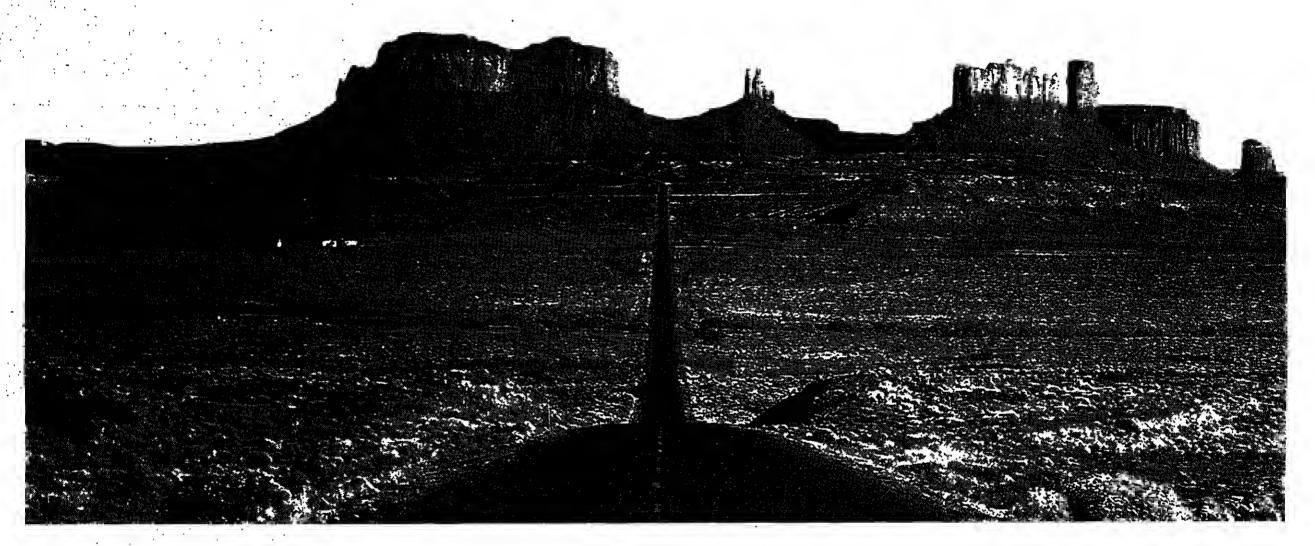






One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.

THE ROAD TO SUCCESS: HOECHST ENGINEERING FIBRES



The dream highway of the world – the dream of a road straight across the American continent, linking everything along the way – is becoming a reality.

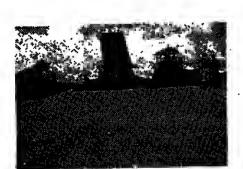
But, in a tropical lowland plain in Colombia, right by the Panamenian border, the dream is turning into a nightmare. Again and again, cloudbursts obstruct the laying of the sub-base and wash away the filling gravel. But the road can be continued – even during heavy rainfall: Trevira Spunbond, needlepunched spunbonded fabric made of polyester filaments, forms a separating layer between the soil and the filler and holds both in place, while the water passes through and flows harmlessly away.

Just one example of many. The interdisciplinary cooperation of scientists and engineers is opening up paths never before trodden for industrial textile materials, products and processes. Hoechst High Chem Fibres are today more than ever before tailored to their applications and the properties

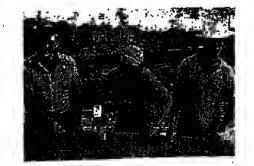
required are specially designed into them.

Time and again, newer and better industrial fibres are capturing more and more areas of use. Today, Hoechst high-performance fibres are already helping to provide economic solutions to enormous problems relating to traffic, nutrition, energy and environmental protection, and to give innovative answers to questions both old and new.

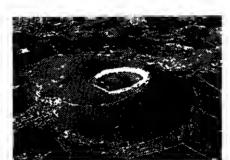
The addition of the Celanese products will result in a further expansion of the selling range.



In the Colombian rain forest the geotextile Trevira Spunbond ensures the continued progress of building operations. As a separating layer it prevents the loose material from sinking into the soil and as a filter layer it drains the ground to the point of being load-bearing.



For roadbuilding, the strips of spunbonded fabric are made up into large areas. Because the material is highly tear-resistant and puncture-proof and also has a high elongation, the separating layer can be driven over immediately. The considerable costs of interrupting work have been avoided.



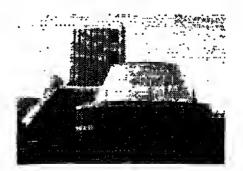
Tenerife is one of the dricst regions of Spain. Today the crater of the volcana Montaña de Taco is a water reservoir, lined with coated *Trevira High Tenacity – one of fifty *Trevira lined artificial lakes serving Spanish agriculture.



Under the textile roof of the Moby Dick leisure centre in Rülzheim, FRG, there sits a new energy concept for the future: Trevira High Tenacity solar absorbers and air cushion collectors together with heal pumps generate more energy than the entire system can itself consume – a powerhouse for itself and for others.



In desert areas, injertile desert becomes fruitful.
Shadow nets in "Trevira High Tenacity take the
heat out of the sun, encourage fruit and vegetables to
thrive and ensure that the valuable water
does not evaporate.

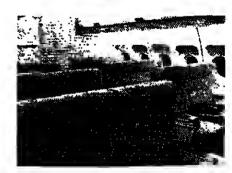


Since 1900 asbestos has been used to reinforce cement. *Dolanit has had great success in the desirable substitution of this fortifying agent. In important properties such as strength it is superior to the traditional asbestos reinforcement.



The Zugspitzplatt – Germany's highest skiing area – can now be reached directly via a new rack-railway tunnel.

"Trevira High Tenacity and Spunbond in two layers protect the piping system from destructive moisture and other damages.



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By Samuel G. Freedman
New York Times Service
FORT MILL South Carolina — Whether the Reverend Jerry Falwell is trying to steal the PTL ministry, as the Reverend Jim Bakker says, or to save it, there is more at stake here for the American evangelical movement than an air-conditioned doghouse or gold-placed bathroom fixtures.

Leaders and scholars of the movement say that, even as such symbols of the ministry's excesses under Mr. Bakker bave been auctioned to raise short-term cash, the fate of the PTL empire bas become inextricably bound with the evangelical movement's efforts to enter the political, religious and social mainstream - even to alter the course of that stream. And to shed the very "Elmer Gantry" stereotype that the current scandal has

The immediate prize for rescuing PTL, they say, is control of two of the most valuable properties in American evangelism: the PTL cable television network and Heritage Village USA, the third most popular theme and amusement park in the nation, after only the two Disney parks.
The assessed value of the entire

2,300-acre (931-hectare) Heritage Village USA complex is \$178 million, and the cable service is thought to be worth from \$20 mil-lion to \$50 million.

Both the image and the assets of PTL — for Praise The Lord or People That Love -are particularly important when the evangelical marketplace has grown more erowded than ever, heightening the competition for adherents and their dollars.

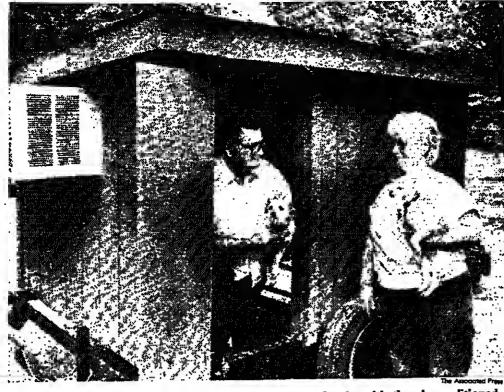
In a larger sense, leaders in the movement fear that the scandal will set back sophisticated efforts, including the Reverend Pat Robertson's presidential candidacy, to stamp evangelical influences on the

The common denominator for all evangelical denominations is a belief in direct spiritual experience. often colloquially known as being "born again.

Many of the major evangelical ministries had seen their donations and television ratings declining before the PTL scandal broke in March, Since then, with the revelation of a \$70 million debt and allegations of avarice and sexual adventurism against Mr. Bakker and his ministry, the drop-off in giving to many television ministries bas gained momentum.

"The credibility of the televised evangelists is probably at the lowest I can ever remember." said Rex Humbard Jr., the chief executive officer of the Ohio-based ministry led by his father.

Martin E. Marty, a professor of



George and Helen Campbell of Hollidaysburg. Pennsylvania, with the air-conditioned doghouse that belonged to the Reverend Jim Bakker, the former head of the PTL ministry. Mr. Campbell bought it for \$630, but he said the couple's two terriers will not be using it.

cocaine issue in professional sports. Every league, every franchise is affected by the image of a problem.

The immediate effect of the PTL scandal bas been pronounced. A variety of polls found that public distrust of television evangelists has grown following the disclosures about Mr. Bakker's ministry.

Mr. Humbard said that donations to his father's ministry in April and May were 25 percent lower than for the same period last year. He did not provide the dollar figures. Benton Miller, the manager of media relations for the Christian Broadcasting Network, a cable service, reported an unspecified "drop-off in revenue" in the past two months.

The new management of the PTL ministry has been trying to raise \$10 million in an "emergency" drive, and officials said about \$5.2 million had been received as of late Friday. But 18 television stations bave dropped the "PTL Club" television show because of overdue bills, and 40 more are reported to be considering it.

The show appears daily on 160 stations. The PTL ministry buys time and transmits the show, along with other programs, via the PTL Cable Network to cable television services that teach 13.5 million subscriber bouseholds nationally.

The concern beyond the current modern Christianity at the Univer- unrest, evangelists and academics

sity of Chicago, said, "It's like the agree, is whether PTL's well-docufied by Mr. Robertson's Republican candidacy and Mr. Falwell's attempts to build intellectual and political bases through a college in Virginia and the Liberty Federa-

> Majority. From Jim and Tammy Bakker's lavish homes and wardrobes to the allegations of secret slusb funds and homosexual trysts, the PTL scandal has summoned up the specter of the evangelist as blasphemer, cheat and hypocrite.

tion, formerly known as the Moral

It is precisely the sort of popular portrait that the sophisticated modern-day evangelists fear most.

"With the advent of those unfortunate sbenanigans," said Mr. Miller of the Christian Broadcasting Network, "all of us have been wounded." He noted that officials of the cable network went so far as to open their own financial records on the air earlier this month.

"I don't think one can stress ton strongly the presence of the 'Elmer Gantry' image, the image of all the television evangelists as a bunch of no-good shysters," said Professor Jeffrey K. Hadden of the University of Virginia, the author of the forthcoming book "Televangelism, Power and Politics."

"They've all bad to fight that since 1981 and a drop of image." Mr. Hadden said. "And lion from the 1985 level.

that's the key, I think, to why Jerry mented woes will damage the Falwell jumped into PTL in the movement's push toward the first place. He knew that if it got American mainstream, as exempliout of control, there was a lot for everyone to lose."

The common agenda of the evangelical movement goes only so far, and in the marketplace of souls, the PTL ministry is an exceedingly valuable resource.

Never before has the movement been so packed. The \$2-billion-ayear television evangelism field is split among 221 Christian stations

Not only are un and 60 syndicated programs. A New York Times-CBS News poll audience has been almost exhausted, since only a fraction of the the few issues that are negotiable. respondents who do not already donate money to television evangelists say they have a favorable opin-

"The movement had peaked by late 1979 or 1980," said Razelle Frankl, the nuthor of "Televangelism: The Marketing of Popular

ion of them.

"It had become more concentrated, more competitive," he said, Every ministry was struggling to find its own niche in the market."

The shortfall is declining revemillion in 1986 — the lowest figure federal government today "very since 1981 and a drop of \$8.2 mil-

Unions Lose Support in U.S. Federal Work Force

By Judith Havemann

WASHINGTON - When President Ronald Reagan dismissed 11,400 air traffic controllers in 1981, unionized government workers and their bosses got the message. The workers got nervous, and the bosses got tough.

"A lot of unions became less aggressive," said James M. Peirce, president of the National Federation of Federal Employees. After the Professional Air Traffic Controllers Organization strike, be said, "People didn't want to stick their neck out. Managers did.

"Most of management really felt they could ignore labor relations," said a departmental assistant secretary. "They got a lot more bold, a lot more rigid."

Today, time years after unious gained a legal toehold in the federal government with passage of the first law authorizing collective bargaining for civil servants, union membership among federal work-ers has plummeted. Political clout has weakened

And Mr. Reagan's handling of the air traffic controllers' strike set a tone of "toughing it out" that has reverberated throughout the gov-

"Members are dropping out be-cause it seems bopeless," said Representative Patricia Schroeder. Democrat of Colorado.

There is a real question," she said. "whether federal unions will

Not only are unions hamstrung by a law that prohibits bargaining over wages and benefits, but they earlier this year suggests that the have a hard time getting manage audience has been almost exhaustment to sit down at the table over

"There is no penalty for not bargaining," said Robert Tobias, president of the National Treasury Employees Union, one of the most ressive of the unions. If a federal manager refuses to

eral Labor Relations Authority "might order him to post a notice on the bulletin board two years "There is no balance in the process, no outside force pushing to

bargain, Mr. Tobias said, the Fed-

resolve issues," he said. Representative William D. Ford, nues and ratings for many evange- Democrat of Michigan and chairlists, Mr. Falwell included. His ma- man of the House Post Office and jor program. "The Old Time Civil Service Committee, called the Gospel Hour," brought in \$44.3 labor relations environment in the

DOOF.

The parties involved, particular-ly management, be said, "are too confrontational" and "would rather litigate than negotiate." In this environment, not surpris-

ingly, many federal unions have run into trouble.

The largest of them, the American Federation of Government Employees, has slipped from 300,000 members in 1969 to 180,000 active and 30,000 retired members today, according to the group's president, Kenneth T. Blaylock.

"Late la "Late last year we started a strong organizing drive," said Ja-nice LaChance, spokeswoman for the union, "but before then we were losing 400 members a week." She attributed the drop to attri-tion, staff reductions and outside

contracting by federal agencies. Across the nation, many unions are in trouble. Organized labor lost 2.7 million members between 1980 and 1984, according to the U.S. Bureau of Labor Statistics.

But the public-sector unions are generally healthier than those in private industry. Of the 16 million government workers, about 36 percent belong to unions, a figure that has been almost constant since 1980.

Protest at U.S. Missile Base

MUTLANGEN, West Germany, — Eleven anti-nuclear protest-ers were arrested Saturday when they tried to block the entrance to the U.S. military base near Mutlangen. where Pershing-2 nuclear missiles are deployed, the police said.

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To Negotiate on Conventional Forces had suggested that it might accept NATO's demands for arms reduc-tions that would eliminate the East

doctrines are fundamentally defen-sive rather than offensive.

Such talks would mark the first

NATO Praises Warsaw Pact Overture

By Robert J. McCartney Washington Post Service BONN - Officials of the North

Atlantic Treaty Organization have welcomed the Warsaw Pact's new declared willingness to negotiate on its advantage in some conven-tional forces in Europe, but they brushed aside a call from the pact for joint consultations on military

NATO sources in Brussels, providing what they called initial reaction to the two-day Warsaw Pact talking about disparity," a NATO on both nuclear and conventional meeting in East Berlin that ended official said in a telephone inter-Friday, said it appeared that some progress was achieved because the East bloc had acknowledged that there were disparities and an imbalance between the two blocs' conventional forces.

The Warsaw Pact communique marked the first time that the group tee that both alliances' military forces.

bloc's superiority in most categories of conventional weapons.

That concession, included in a statement closing the meeting, moved the Warsaw Pact closer to NATO's position on bow to negotiate cutbacks in troops, tanks and other nonnuclear forces in Europe, the sources said.

"It is the first time that they are view. "They seem to recognize that disparity exists."

Such talks would mark the first formal meetings between the rival blocs, but NATO fears that acceptance of the offer would implicitly recognize that the two alliances are equal, NATO sources said.

NATO contends that it is an alliance of 16 sovereign nations with equal rights but that the Soviet Union dominates and thus controls the seven-nation Warsaw Pact.

Talks already have taken place arms control in different fora," the NATO spokesman said in response to a question about the Warsaw. Pact's proposal for joint consulta-

On a related issue, a NATO spokesman signaled that the Western alliance planned to turn down Warsaw Pact had insisted that both the Warsaw Pact's appeal for joint alliances make equal percentage talks, to begin this year, to guaran- cutbacks in their conventional

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Lawrence Singleton, 59, center, be given a home on the San Quentin prison promise. Paroled after serving eight years for raping a teen-ager and cutting off her arms at the elbow, he was driven out of six communities. "Understandably, no community wants. Singleton, yet he must be placed somewhere, Governor George Deukmejian said policy, has signed with Random with ability — superior to mine — who have been trapped by a One Black's Climb House for a novel, tentatively titled "Memoranda," for an esti-

Republic Pictures is back to

making films after a 30-year hia-

tus, but this time only for televi-

sion. The studio made 47 John

Wayne films (including "Sands of Iwo Jima" and "The Quiet

remained active in distributing

A murder confession has been

mcovered by a family refurbish-

ing a bouse in Fountain, Colora-

do. The document, concealed

under layers of paint on a win-

dow molding, was signed by John W. Spicer, who helped

build the house in 1899. Spicer

died in 1943. "On or about the

[illegible] day of March, 1893,"

the document said, "I did kill

old movies and television shows

lack of opportunity.

Short Takes

To Executive Suite A. Barry Rand is a rarity in-

deed: a black who not only is an executive at Xerox Corp., one of America's major companies, but who is in charge of the sales force, with 33,000 employees and annual sales of nearly \$5 billion. He is thus responsible, as The New York Times put it, for "the company's bread and butter." His annual salary is said to ex-

ceed \$250,000. A survey of the 1,000 largest American companies carried out in October by Korn/Ferry International found only four black senior executives, those just be-low the chief executive level. That represented an increase of one since a similar survey in 1979 by Korn/Ferry, an executive search firm. The Bureau of Labor Statistics says the proportion of managers from minority groups increased to 5.2 percent in 1982 from 3.6 percent in 1977. But black senior executives usu-

ally are in charge of employee morale or community relations. Edward W. Jones Jr., a New Jersey consultant who recently wrote about black managers for Harvard Business Review, said that as "as top manager with the future of the company in his hands," Mr. Rand, 43, amounts to "the Jackie Robinson of the

corporate world," referring to the first black in major league baseball, in 1947. "I can't take solace about being the first black person in this kind of position," Mr. Rand

said, because "there are blacks

and willfully murder with a club one John J. Sebastian for his money and jewelry to the value of \$5,000.00 and did drag the mutilated body to a deep ra-

of the murder.

Notes About People Richard N. Perle, 45, the for-

mer assistant secretary of de-

fense for international security

Man"), scores of Gene Autry and Roy Rogers westerns and many other films, most of them New York's Finest low-budget B-grade movies. The Drop Baseball Caps. company, founded in 1935, produced its last feature in 1957, but

mated \$300,000 or more, The

Washington Post reports. Ha

also is writing a monthly columns for U.S. News & World Report

circuit for about \$15,000 per less

ture. His literary agent, Robert. B. Barnett, called this "Richard"

three-pronged assault on the pri-

Fawn H

ALLIE:

magazine and is on the leet

A few years ago. The New York Times recalls in an editorial the National Association of Uniform Manufacturers called New York's police the best dressed force in the country? 'Yes," The Times went on, New York's Finest "had style to burn" - mull the baseball cap. The baseball cap, with mesh crown and a duck bill, became a some mer option in 1984. Sans, it was cooler than the regulation lid; But did it have presence? Did it convey discipline? Can anything. that suggests hot dogs with mustard, pickup trucks and fishing parties reflect the sense of discipline that's conveyed by a uniform? No.

vine." No record could be found "This week, after a three-year run, the baseball cap went out; the traditional eight-sided cap with patent leather visor became mandatory again. To those who wisely recognized the link be-tween style and standards, hats

-ARTHUR HIGBEE

Drug Agents in a Hostage Hunt Congress Looks Into How White House Bypassed Agencies

drug enforcement agents to keep

President Ronald Reagan:

that it was not his handwriting,

hostage rescue efforts. Most of the

Perot money went to the operation

would consider cooperating if

The United States also ap-

proached France through diplo-

matie channels, but the French

have not made a public response.

With the exception of the abort-

al peacekeeping mission in Beirut

after Israel's 1982 invasion, France

traditionally has been reluctant to

act jointly with the United States

for fear of compromising its inde-

pendence or being linked with poli-

said that Bonn also faces constitu-

Japan, which gets two-thirds of

those proposals are put to us."

By Stephen Engelberg

WASHINGTON - It was early 985 and the Reagan administration had failed in attempts to resone - or even find - William Buckley, the kidnapped Bearut sta-Buckley, the kidnapped Beirut sta-tion chief of the CIA. Almost as an according to Robert C. McFarlane, afterthought, the White House the former national security advisasked the Drug Enforcement Agency to search its worldwide network of informants for clues to where Mr. Buckley and other American hostages were being held.

From those innocent beginnings grew a yearlong succession of secret operations run by two agency officers assigned to work directly for Lieutenant Colonel Oliver L. an Arabic-language newspaper North, the former National Securithat he said had been initialed by

The efforts, which used private said the middle initial was incorrect money in seeking to ransom the and Mr. Buckley's secretary said hostages, are coming under scrutiny in Congress as a case study of the White House penchant for bypassing the agencies normally assigned to covert operations.

Investigators also say the operations raise troubling questions about Colonel North's access to U.S. law enforcement agencies.

Sketchy outlines of the operations have been alluded to in congressional testimony on the Irancontra affair. Congressional barred them from handling map many of its personnel in Lebanon. investigators and administration officials last week provided the first detailed picture of its origins. This is another example of a

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private operation run by government officials without supervision and the checks and balances that make our government work right," said Senator Paul S. Trible Jr., Repubbican of Virginia. He is a member of the Senate committee investigating the Iran-contra affair. "The story of this enterprise," he tage who was subsequently killed, it.

Fawn Hall Visiting Paris

PARIS - Fawn Hall. Colonel Oliver L. North's former secretary,

has dropped out of sight in Washington, D.C., for the last couple of

weeks and has been sightseeing in Europe, mostly in Italy and France,

Encountered Sunday on the Left Bank with her friend, Ms. Hall

declined to comment on the Iran-contra hearings, including the date

"That stuff comes from my lawyer," she said, "but all of this will come out soon." Ms. Hall said that she has been in Europe sightsee-

ing. "It was a lot more fun that being in Washington."

She has told a federal grand jury that she shredded National Security Council documents at Colonel North's request just before

U.S. Justice Department investigators came to review his files. Colonel North is a former National Security Council aide.

ALLIES: Reluctance on Gulf Aid

Thatcher said that Britain had re- Sources at the West German de-

on which she expects to be called to testify.

(Continued from Page 1)

could provide ships, air cover or

He pointed out that the Europe-

an allies received a third of their oil

from the Gulf region, compared

with only about 6 percent for the

United States. He said that made

the area their responsibility as well.

ly's acting prime minister, Amin-lore Fanfani, when asked about the

request during a visit to Canada.

Only the Netherlands gave a pos-

itive public reaction. But that coun-

try said it would act only if the

the United States in the Gulf.

"We are not marines," said Ita-

military facilities.

said, "demonstrates the absolute folly of proceeding in this fashion."

The disclosure shows for the first time that the administration used Colonel North instructed the

ment agencies. however, were able to relate these Mr. Trible said that the DEA agents were involved in the ransom operation from January 1985 to er, was personally approved by June 1986, At the time, senior U.S. officials were highly concerned about Mr. Buckley's plight because there was videotaped evidence that · · · A chief intermediary was a shadowy figure called "the source" he was being torured and because who received at least \$200,000 in he bad extensive knowledge of U.S. payments. When Colonel North's agents in the Middle East. Mr. team asked him to prove that he was in contact with the captors, the Buckley's captors claim to have killed him in 1985. intermediary produced a copy of

private money in an operation that

fully involved the relevant govern-

Mr. Trible said that Edward V. Hickey Jr., who was a White House official at the time, made the first Mr. Buckley, Later, CIA officials contact with the Drug Enforcement Agency when he called a DEA agent in Virginia who was a neighbor and asked whether the agency • The agents paid money to an could help find Mr. Buckley.

Iranian posing as a Saudi prince The agency, which has officers who, it has been previously dis-closed, was pretending to broker a all over the world for drug investicontribution to the contras by Sau- gations, agreed to belp. Mr. Trible di Arabia. The payments to the impostor involved his claim that he said that a special group was assembled at the drug agency, with might have influence with the peo-ple holding the hostages. apparent support from other agen-cies. The CIA provided \$50,000.

ple holding the hostages.

• The two DEA officers were The two DEA officers were The involvement of the agency worried about agency rules that was not illogical. The CIA had lost propriated funds, so in May 1985, first with the truck bombing of the one agent enlisted his brother, who U.S. Embassy in 1983 that killed was not a government employee, to • H. Ross Perot, the wealthy
Texan, contributed \$300,000 to the hostage rescue of the state of of the

According to present and former administration officials, the DEA of the drug enforcement agents, but bostage effort was highly secret, \$100,000 was used in a futile operation by the CIA and FBI to rescue including its general counsel, Jo-Peter Kilburn, an American hos- seph R. Davis, were not told about

GULF:

Iran Warning

(Continued from Page 1)

president on Friday that the ad-

ministration should commit itself

to a long-term U.S. military pres-

ence in the Gulf to strengthen rela-

tions with the Arab world, sources

Mr. Reagan agreed with Admiral

Crowe on both counts, according

to Pentagon officials, and also approved the Joint Chiefs' recom-

mendation to increase the Middle

East Force in the Gulf to nine ships from six. The increase will include a cruiser, which would move in and

The nuclear-powered cruiser

Virginia may soon sail for the Gulf

to share duty with another cruiser

aircraft system, military sources

threatening aircraft.

attacked.



Sheikh Fadlallah urging the release of hostages in Lebanon.

Guerrillas Assault Units In Israeli 'Security Zone'

SIDON, Lebanon - Shiite Moslem guerrillas Sunday attacked baby were reported killed in the

Pro-Iranian guerrillas of the 1slamic Resistance Front said it was their biggest raid inside Israel's bostage situation as saying the clerself-declared security zone, an irregularly shaped strip that stretches from the Mediterranean east to the foothills of Mount Hermon.

Lebanese police said eight members of the South Lebanon Army militia died, four were missing and one was captured by the guerrillas. A six-month-old baby was killed and 20 civilians were wounded when Israeli belicopters and artil-

lery fired on ocarby villages in retaliation for the guerrilla attack. they said. Israeli security sources said eight guerrillas died, while 10 militia

In Beirut, a newspaper with links pro-Israeli miliua posts in south 10 a leading Shiite Moslem clergyebanon. Sixteen fighters and a man, said Sunday it expected an

end to the foreign hostage crisis in The Al-Shams newspaper quoted a source involved in the

to all parties. "We expect an end to this issue," the newspaper said, adding that an announcement would be made in

about two weeks. Sheikh Fadlallah called Saturday for the release of all "innocent hostages in Lebanon.

He has great influence among pro-Iranian Shiite groups, which are believed to bold some of the 28

troops and six Israelis were injured in the clashes.

gyman, Sheikh Mohammed Hussein Fadlallah. "is working to give the bostages' issue an end agreeable

vales and Thomson CSF, and Vickers Shipbuilding and Engineering PLC of Britain

Saudis, Seeking First Submarines, Are Likely to Buy British or French

LONDON - As military tension in the Gulf rises, Saudi Arabia is nearing a decision on its first purchase of submarines, from French or British manufacturers. according to Middle East and industry sources.

The purchase by the Saudis of six to eight advanced diesel-powered submarines would introduce a new strategic dimension into the Gulf. the Arabian Sea and the Red Sea. Delivery of the vessels would take at least three to four years.

Estimates on the value of the contract range from \$3 billion to \$5 billion. The contract includes training servicing and the construction of submarine pons at two Saudi oaval bases, at Jubail, in the Gulf, about 25 miles (about 40 kilometers) from Bahrain, and at Yanbu on the Red Sea.

Saudi Arabia is determined to acquire deep-water capable submarines that are equipped with advanced conventional missiles and that can be used for both surveillance and against surface ships. The Saudis have already ac-

quired a stock of advanced Har-poon missiles, built by McDonnell Douglas Co. of the United States. and are expected to outfit the sub-

marine with those systems. None of the Gulf nations is believed to be operating submarines in the region. although Iraq is understood to have purchased Romeo-class submarines, modeled after an antiquated Soviet variety,

Israeli diplomatic sources said they would regard the introduction Saudi-operated submarines in the Red Sea with concern."

Prince Sultan bin Abdul Aziz, the Saudi minister of defense, said recently in Rivadh that King Fahd would announce a final decision on the submarine contract after the conclusion of Ramadan, the Islamic boliday, which ended Thursday. The decision to award the contract has been repeatedly postponed. The prince is expected to be in Paris on business sometime later

The top contenders for the bid are a French consortium, headed by Direction de Construction Na-

this week

Other contenders include sub-

marine builders in West Germany, sweden, Italy and Holland. The Rotterdam Dockyard Co... or at the pace of British investments RDM. is considered by industry in Saudi Arabia. "Offset" investsources to be a dark-horse contend- ment was a condition of the Saudis' er if the Saudis find it politically contract to buy £5 billion 153.1 bildifficult to chose between French or British submarines. The Dutch ain in 1985. vessels are believed to be advanced enough to be capable of meeting

Saudi requirements. The British bid, centered on the Type 2400 diesel-electric submarine that is being built for the British Navy, is said to have a marked earlier sale by France of frigates to technical advantage over the French Agosta, which is still in the

One factor that may have weak- abroad.

lion) of Tornado figbiers from Brit-

Bidding by the French consoruum is being abetted by a strong push from Prime Minister Jacques Chirac to secure the contract, industry sources said. Another factor in France's favor, they said, is the

the Saudi Navy. Moreover, following the £5 billion military purchase from Brit-The British vessel is known to be ain, the Saudis may chose to diverexceptionally quiet, an important sify the sources of their subsequent feature in the shallow Gulf waters. major military purchases from

Many Marks of Distinction, All Made in Record Time

BRUSSELS - Despite the rain, the Belgian town of Pepinster has et a world record for world records. Pepinster, with a population of about 5,000, finished its "Week of

Records on Sunday as participants notched more than 30 new records in such endeavors as jumping rope, playing dice and assemoling fire hoses. If the new marks are approved by the Guinness Book of Records, as

expected, Pépinster will bave overtaken Aubigny, France, which last year set 28 records at its annual festival. The event in Belgium got rained on.

Luc van Lierde, who wanted to pull a 10-ton truck for 1,312 feet 400 metersi, abandoned his effort after 65 feet because be kept slipping on the wet pavement. But there were plenty of record successes

Claude Rulmoni jumped rope for 13 hours and 40 minutes; a middle-aged couple played a game of dice, called 421, for 24 consecu-

Three firemen screwed together enough fire hoses to form one of 19,230 feet. A world record, of course.

It was fortunate that the firemen had brought a couple of ladders. About 20 people who clambered into the seat of the world's largest beach chair, erected in the town square, bad to be evacuated by the firemen when the three-story structure started to buckle, After the 20 people were safely on ground, the giant beach chair

was folded up and put away.

Leading Candidates Are Emerging out of the Gulf, providing extra firepower and radar to watch for In Search for a New UNESCO Chief

dates in a crowded field.

not agree on anyone else.

By Paul Lewis

New York Times Service PARIS - The search has begun equipped with a sophisticated anti- for a successor to Amadou Mahtar M'Bow, the director-general of the United Nations Educational, Scientific and Cultural Organization.

Pentagon officials said that an The United States, Britain and aircraft carrier would remain out-Singapore have left the agency, side the Strait of Hormuz but close complaining of what they call bad management and the growing po-liticization of UNESCO's activities enough to provide air cover on occasion and the capability for retal-iatory bombing if U.S. ships are under the feadership of Mr. M'Bow, a Senegalese.

Senator Sam Nunn, Democrat of its oil from the Gulf, has ruled out Georgia, chairman of the Senate The names of about 20 possible cooperating in any military deploy. Armed Services Committee, has candidates to succeed Mr. M'Bow ruation became worse. ment there, despite attacks against Prime Minister Margaret three of its tankers this year. ing beavier ships in the Gulf. when his second term of office expires at the end of this year are Mr. Nunn argued that patrol agency's 50-member governing exceived no specific request to assist fense and foreign ministries have frigates such as the Stark are too ecutive board at its regular fivesmall and vulnerable to handle the week meeting in Paris.

threat posed by modern anti-ship An informal consensus is emergmissiles possessed by Iraq and ing among the board members that on the next director-general at its the next director-general should Thirty-seveo crewmen were come from Asia if a suitable candikilled and the Stark was disabled date can be found. No Asian has by two Exocet missiles fired by an ever beld the post.

Some board members say Paki-Admiral Crowe told the president that the joint chiefs believed stan's foreign minister. Sahabzada the escort of Kuwaiti tankers could Yaqub Khan, and the Philippine be done safely without U.S. fighter ambassador to Belgium, Rosario

On June 1, the chairman of the executive board, Ivo Margan of Yugoslavia, is due to send a confidential letter to UNESCO's more than 100 member nations, listing the official caodidates whose

UNESCO say they believe Mr.

M'Bow still hopes a majority of

serve a third term because they can-

This list has little significance, however, because individual executive board members remain free to suggest additional candidates up to the moment when the board votes

proved by a majority of the mem-mer president of Switzerland; Feber nations at the next UNESCO General Conference in November.

Valverde, a former foreign minister of Ecuador; Abdul Mejid-Khan, Bangladesh's ambassador in Paris, and Thailand's education minister, Winchincharon, In addition to the official candinames have been put forward by dates, several other possible names

These include Prince Saddrudine Aga Khan, the former UN high commissioner for refugees; Kalevi Sorsa, the Finnish foreign minister; on the next director-general at its regular fall meeting in October.

The board's nomince, chosen by majority vote, must then be approved by a majority of the merit. derico Mayor Zaragoza, a Spanish General Conference in November. biologist, and Abdous Salam, a Other known official candidates. Nobel Prize-wining Pakistani phys-





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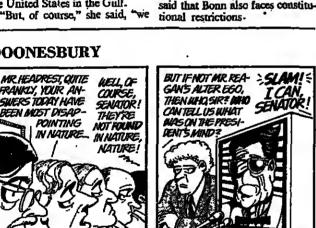
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than they are about long-term entanglements in the region, according to Pentagon officials. Admiral Crowe is most worried, they said, that the Reagan adminis-tration will cut its losses and withdraw from the Gulf if the U.S. coovoys draw fire, creating another image of "cut and run," as was the case when the Marines were withdrawn from Lebanon in 1984.

Iraqi F-1 fighter bomber.

sources said.

planes providing protective cover,

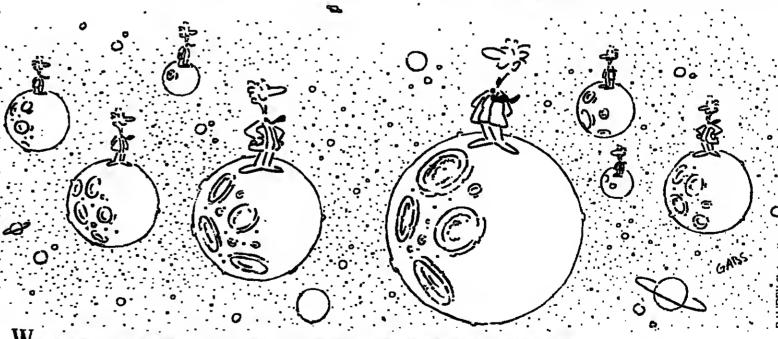
The joint chiefs -- the beads of

the army, air force, navy and Marine Corps — are less concerned about escorting Kuwaiti tankers

Mr. Reagan has directed the National Security Council to study various plans for retaliatory action over the next several days.

Naval experts said that if retaliatory action were carried out by carrier aircraft, at least two carriers would have to be deployed near the entrance of the Gulf, But unless an attack on U.S. shipping is made, Pentagon officials said, the plan is to have only one carrier stationed outside the entrance to the Gulf.

who have been put forward by their icist who lives in Italy. "No man is an island unto himself"



We pride ourselves on baving partners all over the place in space: around us, above us, below us. For we're not the ones that carry the most weight. There are - brace yourself, now - some 1,400 men and women who work at Matra Espace. Only 1,400. Just think of it. But, you see, when we look out into space, straight ahead, what does it matter, on that scale, whether you're 1,400 or 14,000 strong? All the more in that we never imagined going where we're going all by ourselves.

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MATRA ESPACE

Together we'll make space ours.

Herald Tribune

Let Them Wear Hats

Industrial chemicals are eating away at the high ozone layer that shields life from the sun's harmful ultraviolet rays. To most people the solution is obvious: cut production of those chemicals and find alternatives. Nnt to Donald Hodel, the U.S. secretary of the interior, and William Graham. President Reagan's science adviser. They object to the State Department's efforts to negotiate an international production freeze. If ultraviolet radiation increases, says Mr. Hodel, people could wear more

sunglasses, hats and suntan lotion. Like Marie Antoinette advising breadless French peasants to eat cake, these two men come at the facts from an odd perspective.

Ultraviolet light does not just cause a pleasant tan. Larger amounts may induce skin cancer and melanoma. Mr. Hodel pooh-poohs that inconvenience: "People who don't stand out in the sun - it doesn't affect them," he says. But the secretary seems to have forgotten about animals. Will the cows be decked out in Vuarnets and sun hats, or be trained to graze at night?

Mr. Hodel and Mr. Graham believe that there is no hard evidence for the thousands of extra skin cancer cases predicted by the Environmental Protection Agency, and that the EPA ignores likely changes in behavior and technology. They are right, but it makes little difference. The risk of greatly increasing the planet's ultraviolet exposure, to safeguard chemicals for which easy alternatives are within reach, is not worth running.

The ozone issue has been debated for

13 years, and broad agreement has now been reached that the threat is serious, even though many uncertainties remain. If the deficate ozone veil should be damaged seriously, the food chains of both land and ocean could be disrupted and all life on Earth would be at risk. The computer models that project the threat are uncertain, of course, but biologists have

After months of deft negotiation, the State Department pulled off a diplomatic ment on a 50 percent reduction.

That is the point at which Mr. Hodel and

-THE NEW YORK TIMES

Reappoint Paul Volcker

President Reagan faces a critical choice for budget deficit. They opposed his reappoint chairman of the Federal Reserve Board when Paul Volcker's second term expires in August. The smartest move would be to stick with the chairman he already has—and do it now, Mr. Volcker takes needed stands on unpopular issues, sticks by them and takes the heat that timid politicians fear.

Mr. Volcker's commanding intellect and commitment to sound policy have earned him respect throughout the worlds of Finance and politics. He has served with distinction for eight years in extraordinary times.

Mr. Reagan inherited the chairman from President Carter, who appointed him in 1979 when be needed a strong presence at the Fed to restore confidence in the dollar. Reagan loyalists at the Treasury distrusted him indeed, blamed his crackdown on inflation for thwarting their supply-side growth plans. Nor were they happy with his criticism of the no doubt that the effect is real. The United States has led the world in

identifying the danger and taking steps to avert it. The threat to the ozone layer comes from chlorofluorocarbons, the unusually long-lived chemicals used as refrigerants, in auto air-conditioning and to make plastic foam. There is no major obstacle to finding suitable alternatives. DuPont, the world's largest maker of chlorofluorocarbons, says it could economically produce safe and effec-tive substitutes within five years.

triumpb last month in persuading recalcitrant Europeans to reduce production by 20 percent. The next step was to secure agree-

Mr. Graham have chosen to intervene, seeking to undermine the State Department's position. Their meddling threatens to force the United States from a widely admired position of leadership into humiliating retreat. If agreement cannot be reached even on so clear-cut a danger as the ozone threat, there is even less hope of international action against acid rain and the feared global warming of the atmo-

sphere, known as the greenhouse effect.

The secretary of the interior, charged with conserving the natural environment and the president's science adviser, who is meant to understand it, should be educating their collesgues — not leading the plunge into sunlit darkness.

ment in 1983. But new troubles percolated and Mr. Reagan sensibly kept him on. Now troubles threaten again. Would fail-ure to reappoint Mr. Volcker shatter confidence in American authority and the dollar? Is he the only person who commands enough respect for nervous times? It is impossible to say. Among other names talked about, Alan Greenspan, former chairman of the Council of Economic Advisers, is highly qualified, and Manuel Johnson, the Fed's vice chair-

> ing reputation. Beryl Sprinkel, current chairman of the council, is a favorite among Reagan loyalists but lacks stature. Mr. Volcker has no magic solutions, just balance and courage. He deserves reappoint-

man, has established a good if not command-

ment, and, if the president wants to reassure the financial world, the sooner the better. - THE NEW YORK TIMES.

A Question of Immunity

With extraordinarily bad timing, Whitney gress is in the process of deciding whether North Seymour Jr., the special prosecutor, has precipitated an international flap that has ramifications far beyond Washington's Embessy Row. In pursuing his case against the former White House aide Michael Deaver, Mr. Seymour has attempted to subwife and force both to testify in court. It is so clear, on the basis of longstanding interna-tional practice and the specific terms of the Vienna Convention of 1961, that ambassadors are protected by diplomatic immunity from such process that legal experts have expressed astonishment at the tactic. The State Department, mindful of the status of American diplomats abroad, went to court immediately on behalf of the Canadians.

This dispute is particularly unwelcome now because it complicates the debate nn the whole concept of special prosecutors, or independent counsels. Mr. Seymour has been appointed by a special panel of three federal judges to look into charges involving Mr. Deaver. Under the provisions of a 1978 law, he is to conduct the investigation and proceed with prosecution independently, and the Justice Department has no control over what he does or how he does it. The constitutionality of that law is now being contested in court by Mr. Deaver and, in a separate action, by Lieutenant Colonel Oliver North. In addition, the law itself will expire early next year, and Con-

to extend it, amend it or make it permanent. At the center of the debate in court and Congress is the idea of transferring tremen-dous prosecutorial power to an individual who is responsible to no one else in government. Is this constitutional? Is it wise? Is it alleged wrongdoers in high government office? What should be done about an independent counsel who abuses his powers? Should the ethics and conflict-of-interest regulations that apply to all government attorneys be imposed on special prosecutors? Does the attorney general have enough discretion or too much — in deciding whether to initi-ate an appointment? These important ques-tions, which have been festering for years, are no longer academic because investiga-

tinns are now leading to prosecutions.

Now, in spite of overwhelming legal opinion and State Department advice, Mr. Scymour has attempted to do what no other federal prosecutor would do, by proceeding against an ambassador who has diplomatie immunity. In taking this course he has provoked a whole new set of questions about the powers and responsibilities of his office. He would be wise to concede that the subpoena was a bad idea and let judges and legislators consider the law without worrying about its peripheral effect on treaties and international obligations.

-THE WASHINGTON POST.

Other Comment

The Hands Over Soviet Ears

For the first time since 1980, the Soviet Union has stopped jamming Voice of America broadcasts in Russian and eight other Soviet languages. It is a welcome move. But what the Kremlin offered with one hand it took away with the other. Two jamming transmitters previously used against the Voice are now being employed in intensified efforts to jam programs from twn other U.S.

overseas broadcasting services. English-language broadcasts by VOA, the British Broadcasting Corp. and other foreign information services have generally been let alone. For years, however, the Soviet government has carried on a massive, off-and-on effort in blot out foreign broadcasis in the major languages spoken by Soviet ethnic groups — and this despite the Soviet Union's signature on the 1975

Helsinki accord banning such interference British experts estimate that jamming costs Moscow \$1.2 billion a year — more than all Western governments combined spend to broadcast the programs. When jamming eases in one direction, it is usually

intensified in another. In keeping with the trend, two jamming transmitters previously targeted on the Voice were quickly put to work intensifying the jamming of Radio Liberty and Radio Free Europe, which specialize in broadcasting news of developments within the Soviet Union and Eastern Europe in competition

with the controlled Soviet media. Maybe, in time, jamming of Radio Liberty and Radio Free Europe will be halted, too As of now, however, the definition of news that can be entrusted to Soviet citizens will continue to be made solely by the Kremlin.

- The Los Angeles Times.

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Iraq Deserves U.S. Support — At Least for Now

By Daniel Pipes

HILADELPHIA — Both combatants in the Gulf war have now had a chance to stam the United States. After Iranian officials spun the armsfor-hostages trap, Iraqis proceeded to bomb a U.S. Navy frigate. But for all the drama of these episodes, neither one alters fundamental U.S. interests in the Gulf. Nor do they affect the basic thrust of American policy, which should be to help Iraq.

Many Americans wish a plague on both Iraq and Iran, and with reason. Baghdad started the war, Tehran continues it. The one uses chemical weap ons, the other sends teen-agers to their suicide deaths. Domestically, Baghdad is harsh, Teluran fanatical. Still, a cool assessment of U.S. interests reveals that the two states are not equal. To see why,

consider these premises of American foreign policy: First: Help resist a revolutionary state. Revolu-tionary regimes usually torment their citizens and attack their neighbors. They also portray the United

attack their neighbors. They also portray the United States as the prime enemy. The Baghdad regime was once revolutionary, it sought to dominate the Arabs, lead the fight against Israel and challenge America. But much has changed of late. Having learned something from the folly of starting the war, Iraqi leaders seem less likely to harbor aggressive ambitions. Indeed, Iraqi interests and policies now roughly parallel the West's. Iraq today defends those Arab states of the Middle East, such as Jordan and Evynt, that are most threatened by Iran's radiand Egypt, that are most threatened by Iran's radi-cal fundamentalism, most friendly to the United States and most open to negotiations with Israel. Iran, too, has changed, and much for the worse.

Its 70-year history of good relations with the United States is over. Ayatoliah Ruhollah Khomeini sees American culture as the main impediment to building a fundamentalist Islamic society. He hates America Accordingly, Iran endangers oil shipments from the Gulf, jeopardizes pro-American states throughout the Middle East and threatens to upset

PARIS—The paradox of Europe these days is that it invented science and is spending twice as much on research and development as Japan, but it is still lagging in the high-technology race to the future.

No doubt its leaders have made

progress toward economic integra-

tion, but they would rather be sepa-

rate than successful. The European.

Parliament is little more than a sym-

bol, national self-interest still domi-

nates the European Community, and

25 years after the Treaty of Rome,

Jean Monnet's dream of a United

States of Europe is rarely mentioned.

rope does not have the human and

high-tech resources to compete with

the United States, Japan and the Soviet Union, but because it is not

thinking on the scale of the world, let

alone the Continent, and it is export-

It is intellectually aware of the new

world economy. It writes better

monographs on the subject than any-body else, but its practical efforts are fragmented and duplicated, often

without any link-up with industry. In short, the critical gap is not

LONDON - Neil Kinnock is a charmer. In its 45-year-old lead-

cr, the Labor Party has the most at-

derfully. He comes across as quick,

sympathetic, engaging.
His personal qualities have dominated the Labor campaign. The party's opening television broadcast was

the word on the screen at the end was

not "Labor" but "Kinnock."

out Neil Kinnock and his family;

That was extraordinary in a coun-

try where people vote only for their

own member of Parliament, not for a

national ticket. And it seemed to

work: in the early polis Labor looked to be a serious challenger.

But policy has now caught up with personality. Mr. Kinnock is trapped in a debilitating argument about his

defense policies: nuclear weapons, the Soviet threat, the relationship with the United States. And those

issues can be a disaster for Labor.

It all began last weekend, in a tele-

tractive personality to take it into an to occupy the United Kingdom, election in decades. He can talk won-would be utterly untenable, and any

vision interview. Mr. Kinnock, dis-cussing the need for a nuclear deter-If Britain were threatened with So-

rent, said: "Of course any effort to viet "nuclear blackmail," he was

ing its brains and its inventions.

This is not because Western En-



the Arab-Israel balance. Clearly, U.S. interests now lie more with Iraq and its allies, including Kuwait. Second: Help fight an aggressor. In 1980, when Iraq threatened Iran, U.S. interests lay at least partly with Iran. But Iraq has been on the defensive since the summer of 1982, and Washington now belongs firmly on its side. This is not to say that an Iraqi victory would serve U.S. interests; it would open the way for a Soviet advance into Iran. But Iraq is nowhere near victory. Should Iraq again take the offensive, an unlikely but not impos-sible change, the United States should switch again and consider giving assistance to Iran.

Third: Promote regional balance. In the long term, the Gulf will stabilize only if Iraq and Iran have roughly equal strength. The United States should do what it can to assure that Iraq survives as a counter to Iran. Ideally, this means a return to the status quo ante. At minimum, it means the survival of an independent government in Baghdad.

Has Europe, the Crippled Genius, Given Up on Itself?

difficult in a continent with so many

different languages, histories and

popular assumptions of superiority,

It is perhaps illustrated best by the unemployment tates. In 1975, Europe had 8 million registered un-

employed. Last year, the number was more than 19 million, 44 per-

cent of them from age 15 to 24. This may give the false impression

that "Europessimism" is rampant. The problem is that Europe is not

keeping pace with the leaders, as it could if its many strengths — hu-

man, cuitoral and economic — were

unified. Many of its inventions are

being developed more efficiently by

its competitors. Many of its best minds are leaving for greater free-

dont and opportunity in America.

In a way, Western Europe, with its remarkable resources, is a crippled genius, divided by history, satisfied by its success and suffering

not from poverty but from a pover-ty of desire. "Eureka!" it cries, "I have lost it."

States to use nuclear weapons?
He would not, Mr. Kinnock said,

because that would lead to "nuclear nbliteration." He said it was "not a

romantie but a scientifie point.

... The use of nuclear weapons in

the whole series of questions. Just about no one thinks a Soviet invasion

of Britain is likely. The scenario of American nuclear strikes on Western

Europe in order to save it is at the

far edge of believability.
But the questions touched on some-

thing that matters deeply, in the strate-

gy of nations and in the reality of

Prime Minister Margaret Thatch-er understood that perfectly when, a

few minntes later, questioners at her press conference told her what Mr.

An occupation not militarily feasi-

"Of course there is and will contin-

hle? "I seem to remember that in 1940 it was," Mrs. Thatcher said.

Kinnock had said.

politics. That is nuclear deterrence.

There was an air of unreality about

Europe would be a terminal act."

but the problem remains.

By James Reston

than its total performance, and de-

spite considerable success in impor-

tant sectors such as mudear energy,

biotechnology, computers, aerospace

and some aspects of information technology, most observers here con-cede that it is lagging behind its ma-jor industrial competitors.

Monnet foresaw this before he

died eight years ago at the age of 90.
"Many persons believe," he said,
"that in view of Europe's greater

prosperity today, limited coopera-

tion between the European nations is enough. I think this shows a pro-

"Our own rate of progress should not blind us in the fact that the rate

of progress in the United States and

in the Soviet Union is still far great-

er. The reason is not that they are

more inventive or hardworking than

Europeans. It is that, despite the

differences of their regimes, they are

both developing their economies on a continental scale."

Another French critic of this hap-

hazard European groping, Paul Va-

lery, suggested that there would

The sum of its parts is far greater league of minds. Nn doubt this is world, or whether it will become

would be utterly untenable, and any potential force know that very well."

From those rather muddy words the

press and political critics drew the idea

that Mr. Kinnock foresaw British guerrillas making life unbearable for

Soviet occupiers. David Owen of the centrist Alliance — the partnership of

the Liberal Party and the Social Dem-

ocratic Party — cracked: "When you've accepted occupation, there's

not much need for a defense policy."

Mr. Kinnock has been staying away from Labor's daily press conference in

London, touring the provinces in-stead. Finally, Thursday, be appeared.

He made a statement about economic

policy — and got a deluge of questions about defense. What did be mean by

saying occupation would be "untena-ble"? He replied that a Soviet effort to dominate the free countries of West-

ern Europe would be "a militarily

abroad but at home. Its politicians never be a Enropean League of Na-are not keeping up with its scientists. never be a Enropean League of Na-tions until Europe developed a regain a paramount position in the ropeans might do the same.

By Anthony Lewis

occupy Western Europe, or certainly asked, would be call on the United

found misunderstanding.

Fourth: Promote peace. Americans should neve wish that a war continue indefinitely, regardless of how distasteful the regimes involved, no matter how attractive the war's short-term benefits. In the Gulf, the United States can encourage a settlement by indicating to Iran that it cannot win — and, there-

fore, that it should negotiate an end to hostilities. There is a precedent for support for Iraq: American cooperation with the Soviet Union in World War II. Franklin Roosevelt saw Hitler as even worse than Stalin; further, the Germans seemed likely to defeat the Russians. Working with the Communists in Moscow was distasteful but temporarily necessary and, in retrospect, absolutely correct. Along similar lines, the United States should take steps to bolster Iraq's defenses.

The writer is director of the Foreign Policy Research Institute and editor of its journal, Orbis. He contributed this comment to The New York Times.

cally, a small peninsula on the tip of the Eurasian land mass, dependent,

Monnet probably would call this

He saw history as a series of ever

expanding units - from the village

to the region, from the region to the

nation-state and from the nation-

state to the integration of conti-

nents - a long slow progress often

Thus, the independence of Ameri-

ca through war, the abolition of slav-

ery in America through civil strife, the rejuvenation of the U.S. economy

through the Depression, and the rec-onciliation of France and Germany

It all recalls to an American visitor

the fierce divisions and squabbles between the independent American

states in the 18th century. But 200

years ago this summer, at the consti-

tutional convention in Philadelphia,

they formed "a more perfect union."

Monnet, if he were still around,

nuclear weapons."

The question is whether, in the . probably would predict that one day

after two terrible world wars.

too harsh, "You have to be patient,"

he would say. "You have to mend

comfortable and complacent.

before you can construct.

achieved by disasters.

Hastening Strangely To Forgive

By Jim Hoagland

BAGFIDAD — Lingering guilt over its demented firstation with Iran has pushed the Reagan administration into hastily letting Iraq off the book in the attack on the USS Stark. We should pause and consider more thoroughly whether it was indeed an accident or the perfect crime.

There is no discernible rational motive, and the Iraqis control access to the key testimony from the pilot(s). An elaborately obscure plot is con-ceivable to the Machiavellian-minded or even to Agatha Christie fans. No such doubts have been allowed

to hang over the U.S. Embassy here, however. President Saddam Hus-sein's apology was quickly and pro-fusely accepted as gennine and sufficient unto the day.

Ambassador David Newton went on American television to praise the

tragis for their cooperation and indirectly to plead that the fragile diplo-matic flower that has taken root in Baghdad's harsh soil not be killed off now. Mr. Newton resembled Saint-Exupery's Little Prince placing a protective globe over a coughing rose.

Protecting the relationship so labo-

riously restored by Washington's Arabists and Baghdad's Americanists against strong political opposition in both capitals is part of Ambassador Newton's job, of course.

As his American counterparts in the Soviet Union and Paraguay remind us constantly, diplomats are not in the business of conferring moral approval on governments or leaders.

And it is difficult to imagine a

harder job than being the American ambassador in Iraq right now. Perhaps defending Klaus Barbie measures up. Or being John McEnroe's public relations adviser. But it has been jarring to be in

Baghdad after the attack on the Stark and to hear U.S. diplomats repeatedly making allowances for a system that continues to impuse itself through fear and brutalization.

The unconscious reflex by the embassy to wish the Stark problem away and to defer meekly to the lid of secrecy that Saddam Hussein personally imposed on the Stark investigation also tells us a great deal, I believe, about the near bankruptcy of the Arabist policy-making establish-ment in Washington today. It is an establishment consumed by

self-defeating relativism. Because he is less herce than he used to be, and because he has wrapped his bru-tal reign to a modernism that contrasts with the stiffing theocracies that prevail elsewhere in the Gulf, Mr. Hussein is now praised by U.S. diplomats as pragmatic. America's other friends in this part of the world

are even worse, it is suggested.

The matter of diplomacy in this region "is often not being forced into making unpleasant choices," one Arabist here explained to me.

"Pragmatic" has in fact become Mr. Hussein. It replaces "ruthless," the U.S. standby in the days when political rivals were hung from the ampposts in the city square and Mr.

Hussein openly challenged America's pretensions in the Middle East.

The Iraqi president, who began his political career as a teen-age gunman and who narrowly missed assassinations. The Nuclear Issue Is Giving Kinnock a Loser's Look sinating one of his predecessors, has unquestionably mellowed as he enters his 50th year. ue to be a Soviet threat," she added. "If you are a responsible person, you do not rely on hopes for the defense

of your country. What deters attack is A defeated rival gets enforced obscurity rather than a noose today. Mrs. Thatcher's words were pointindicated the state of the state of

use the symbol of Britain standing using against Iranian forces. And Mr. alone against the Nazis in 1940, Mr. Hussein is moving Iraq away from Kinnock and his party really have the rigid socialism and pan-Arabism he championed in his youth. But Mr. Hussein has not mellowed Labor has called for Britain to give

up its own nuclear missiles and close enough to merit solicitous treatment U.S. bases. It says President Reagan from the United States, the Iran-conand Mikhail Gorbachev are moving tra affair notwithstanding. In a socitoward reduction of nuclear weapons ety that has little respect for such in Europe. True. But into the foresee solie itousness, Americans have able future such weapons will exist, looked faintly ridiculous in applaudand the Soviet Union will have them. ing so vigorously an apology for an Mr. Kinnock might have fudged attack on their own ship. The flavor of Iraq's new "pragma-

festo has smoothed out so many of Labor's old ideological commitments. He could have said that Mr. dated Nov. 4, 1986, which imposes Reagan was on course for an arms life imprisonment and confiscation agreement, Britain should support of assets on "anyone who insults that and in the meantime stay on hold itself. His own shadow foreign minister, Denis Healey, says that Britain must continue to rely on the cialist Party, the National Assembly or the government. The punishment will be execution if the insult was

the idea of deterrence. It is an issue of flagrant in public." principle for him, ore that he will not compromise. The British public, most of it, does not like nuclear weapons It is a record of a regime America may have to stomach in order to do business in an important part of the Gulf. It is not a regime to which the U.S. government owes every benefit of the doubt or which it should rush to praise after 37 American sailors died needlessly at the hands of its military.

The Washington Post.

Who Are These Would-Be Presidents?

BOSTON — Barbara Anderson, director of the Citizens for Limited Taxation, keeps a file of stones in which out-of-state reporters (including this one) have in her view misreported or misinterpreted the re-cord of Governor Michael Dukakis f Massachusetts, a contender for the Democratic presidential nomination.

Ms. Anderson is hardly an unprejudiced source. She and her populist-conscrvative organization have pressured Mr. Dukakis and the Democratic legislature constantly and fought them often. But she is a smart, informed citizen-politician, and the factual errors and glossy exaggerations she can point to in any number of stories on Mr. Dukakis cannot be dismissed out of hand

"I know enough to distrust much of what I've read about Dukakis," she said recently. "But it's made me wonder whether I can trust what they say about any of the other candidates." Ms. Anderson's comment highlights

one of the main challenges facing the American media. In a year, the list of almost 20 men seeking the Republican and Democratic nominations for pres-may be in the ministries of Pat Robertident will have been pared to two son and Jesse Jackson that prepare names. Today, most of the contenders them for leaping into public office at are little-known to the voters who will the top. But the same question applies be making critical choices in primaries to a former House member named and caucuses. The quality of the infor-

By David S. Broder

mation voters get will directly determine the quality of those choices.

Ms. Anderson, for example, is attracted by what she has heard about Senator Joseph Biden, Democrat of Delaware, but she readily admits she has not heard that much. When Mr.

Riden announces his candidacy, I guarantee you that TV and print stories will all make the point that he has commuted home from the Senate to Wilmington, Delaware, almost every night to spend time with his children. That is a fine habit, but one of dubious relevance. The one thing we know about the presidency is that the office is in the house; the willingness to commute to work is not a prime requirement. What the voters need to know is what Mr. Biden has done on the Judiciary and Foreign Relations

committees that sheds light on the kind of president be would be. They need to know what sort of House members Jack Kemp and Dick Gephardt have been, and what there to a former House member named

beat away" these last six and a half years. Just what exactly has he been doing since he became vice pres

Senate reporters for networks, leading newspapers and newsmagazines know quite a lot about the records and reputations of Mr. Biden, Senator Bob Dole, former Senstor Paul Laxalt, Senator Albert Gore and Senator Paul Simon, just as reporters in Phoenix and Wilmington know a great deal about the work of former governors Bruce Babbitt and Pete du Pont. But there is a reloctance to under-

take serious appraisals of their work - cither because news organizations think viewers and readers would be bored or because journalists are pervous about saying what the people who know them and have worked most closely with them think of the contenders. Either way is a cop-out.

Politicians play at different "levels of the game," to borrow John McPhee's phrase about Bill Bradley, the basketball player turned politician. And voters need stories that help them understand that. Each of the presidential contenders has impressive credentials. But the public needs to be able to discriminate between them, to define the special gifts strangers who would be president.

The Washington Past. point of view will be accepted.

either. But it accepts that they are a reality, a menace to be reduced only by negotiation. So the more the Kinnock position becomes an issue, the more likely it is to be a loser. The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

But Mr. Kinnock does not accept

the nuclear issues, as his party mani-

U.S. nuclear umbrella.

political circles here, the conquest of Libya has always been looked upon as tardy compensation due to Italian interests, and the prospect of a conference which might roise the entire Near Fastern question and give rise to the territorial aggrandizament of other countries arouses distrust. Up to now, the Powers have been unwilling to acknowledge Italy's success, despite the good results of her war against the Ottoman Empire. The proclamation of Italian sovereignty over Libya has assumed the importance of a fundamental question of national interest, and shortcomings of each of these and Italy will only consent to go to a conference if she is assured that her

1912: Italy and the War 1937: In Spanish Waters ROME - The idea of a conference of BERLIN - At least 19 persons were the European Powers to put a stop to the Italo-Turkish war does not meet with favor in Italian public opinion. In ral Scheer poured 200 shells from its 11-inch guns into what is described here as the Bolshevist fortified port of Almeria, on the south coast of Spain. The move [on May 31] was taken under instructions from Berlin

to average the action of Spanish loyal-ist airplanes in the bombing of the Deutschland [on May 29]. Another of the Deutschland's sailors has died from his wounds, bringing the number of dead resulting from the bombing to 24. The number of wounded is 72. LONDON - Germany and Italy have decided to boycott the Spanish Non-Intervention Committee and to withdraw from the International Naval Patroi of Spanish waters following the bombing of the Dentschland.



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Out of the Blue, a Quick Test of Gorbachev

By Philip Taubman
New York Times Service

MOSCOW — The unobstructed flight of a small civilian aircraft across Soviet airspace last week has presented Mikhail S. Gorbachev with perhaps the most delicate test yet of his leadership, Western diplomats said Sunday.

At a time when the Soviet leader faces mounting criticism that his domestic policies are undermining discipline and shortchanging Soviet defenses, the unimpeded flight by a 19-year-old West German pilot to the heart of the capital on Thursday raised questions about Mr. Gorbachev's stewardship as head of the Defense Council, Moscow's highest military authority.

The diplomats said the dismissal by the Politburo on Saturday of Defense Minister Sergei L Sokolov to deflect responsibility away from criticism Mr. Gorbachev and the Commurust Party leadership.

a pattern set in the aftermath of the on making the Soviet system, both moted a number of officials who Chernobyl nuclear accident last the military and civilian sides, work apparently first impressed him dur-

ity for the disaster.

But the plane incident has also given Mr. Gorbachev an opportumity to assert his authority and to make a number of tactical political moves that seem likely to strength- is indifferent to military requireen his hand, according to the diplo-

By swiftly and severely punish-

NEWS ANALYSIS

as Rust to fly a single-engine torium on underground nuclear Cessna 172 to the perimeter of the Kremin, Mr. Gorbachev and the advocates. Politburo were able to demonstrate decisive leadership and show that they would not tolerate a breakdown of discipline.

and the commander of Soviet air of the military signaled that even of Mr. Gorbachev's inner circle. desense forces, Marshal Alexander the most revered and powerful in-I. koldunov, was carried out in part stimutions would be subject to open T. Yazov, 63, who was the deputy

The Politburo's actions followed ing more bberal policies, is intent Mr. Gorbachev, while pursubation set in the affect of the followed in t year. Government officials were more effectively and will hold ac-

The Politburo's stern rebuke of the military, accompanied by a re- Foreign Eastern Military District. newed call for enhancing Soviet defenses, also gave Mr. Gorbachev a chance to counter concerns that he

Since taking office in March 1985, Mr. Gorbachev bas pressed the military to hold down growth in defense spending and has pursued a number of foreign policy initiaing the military for allowing Mathi- tives, including an 18-month moratesting, that have troubled defense

The sequence of events also provided an excuse to remove Marshal Sokolov, a 75-year old World War II veteran and armored forces spe-The scalding public indictment cialist who has not been a member minister of defense for personnel In addition, the actions showed appears to have been hand-picked

Mr. Gorbachev, who has pro-

dismissed for negligence, but party countable government and military union, spent some time with Genauthorities assumed no responsibilities officials who fail. Khabarovsk, beadquarters of the General Yazov was district commander until early this year when be was brought to Moscow.

The shift leaves vacant a nonvoting slot on the Polithuro beld by Marshal Sokolov, which Mr. Gorbachev may use to bring another supporter ioto the party's top leadership, possibly General Yazov. Western diplomats said that Mr.

Gorbachev had no eboice but to deal quickly and firmly with the Rust case because any sign of indecision could have been used against him by opponents who contend he has been soft on defense issues. The diplomats said that the dismissal of Marshal Sokolov and

Marshal Koldunov would postpone, but not necessarily prevent. responsibility for the defense breakdown from reaching Mr. "If you're keeping score, a West-

ern diplomat said Sunday, "I think Gorbachev picked up points over the weekend but the flight may still cost him in the long run." top military when there is a signifi-Tass, in an apparent effort to put



Dmitri T. Yazov

the events in a favorable light, took the unusual step Sunday of citing as assessment by Zbigniew Brzezinski, the White House national security adviser in the Carter administration. Mr. Brzezinski's views are usually the target of Tass criticism. Mr. Brzezinski was quoted as saving, "The Soviets have done what the American high command and political leadership has not had the guts to do - namely, fire the

Forests of Missiles, 500,000 Guards Didn't Stop Plane on Way to Moscow

By Eric Pace

New York Times Service NEW YORK - The Soviet air have occurred. defense system, which failed to intercept the single-engine Cessna Defense Department report "Sovi-that flew from Helsinki to Red et Military Power" says that the Square, is enormously extensive, Soviet air defense system includes with forests of missiles, thousands "the world's most extensive early of warplanes and more than warning system." 1.500,000 men and women either deployed or on call.

In recent years, the system has emphasized defense against lowlevel aerial incursions across the long Soviet borders. Some Western analysts have suggested that this plane's 400-mile 1650-kilometer) penetration attacks.'
flight over Soviet airspace particu-

flying very near the ground,

In other incidents that have sites, the handbook said. come to light over the decades, the

shown deadly effectiveness, but at viet government spokesman said other times embarrassing failures Friday that air traffic had been

The importance to the Soviets of defense against anything flying relatively close to the ground is underscored in the 1986 edition of another widely read reference work, the unofficial Defense and Foreign Affairs Handbook.

It cites an "increasing emphasis emphasis may bave made the by Western air forces on low-level

According to the handbook, the larly irritating to the Soviet leader- Soviet Air Defense Command is estimated to bave 550,000 person-Western military experts in Mos-nel in service and more than a milcow and elsewhere have suggested lion reservists. It includes more that the plane, which was piloted than 2,500 interceptor aircraft in by a 19-year-old West German, addition to missiles, and there are managed to dodge Soviet radar by special arrangements for the protection of Moscow and other key

Restrictions on flights supple-Soviet air defenses have sometimes ment the air defense system. A So-

radio his light aircraft.

passengers were killed and 16 were wounded. The passengers reported that a single Soviet interceptor had fired at the plane, which was more than

Before the flight of the Cessna on Thursday, perhaps the most dramatic known instance of the Soviet Russian Air Force," be said. Mr. system's failure to intercept a pri-Rust did not say whether the con-tact was simply visual or whether the Soviet pilot had managed to vate aircraft came in 1978. A Soviet merchant seaman who had defected to Sweden flew into and landed in the Baltic region of the Soviet A West German television Union twice in an attempt to pick up his wife and take her back out spokesman said the original film, acquired from the American NBC

banned over Moscow since the

1950s. The three airports that serve

the capital are well outside its ne-

An early postwar triumph of the

system came in 1960, when a high-

altitude U.S. reconnaissance jet, pi-

loted by Francis Gary Powers, was

display of the system's deadly abili-

ties came in the Far East on Sept. 1.

1983, when Soviet planes intercent-

ed a South Korean Airlines Boeing-

747 jumbo jet that had entered So-

viet airspace. It was shot down,

killing 269 passengers and crew

A similar incident occurred in

1978, when a Soviet jet interceptor

forced a South Korean airliner to

land on a frozen lake 650 miles

north of Moscow after it straved

ioto Soviet airspace. Two of the 97

1.000 miles off its Paris to-Seoul

More recently, the best-known

shot down

members.

with him. She evidently failed to appear for cow, was longer than the 90-second the rendezvous, and the defector segment that was screened Sunday was arrested in Sweden when he

returned from his second trip. On Thursday, a Soviet ciuzen not appear to show a woman getalso eluded his country's air deting out of Mr. Rust's aircraft, as fense system when he piloted a ome reports have asserted. crop-dusting aircraft from the Bal-Mr. Rusi's father. Karl-Heinz, uc region of the Soviet Union out said from the family home in We- of Soviet airspace and over the Baldel, near Hamhurg, that the video uc Sea. He ditched the plane in the color film had taken him complete- Baltic near the Swedish island of "Simply fantastic," Mr. Rust

Gotland and waded ashore. The Soviet Union is not the only said of his son's appearance in Red nation where incursions into its airspace have led to incidents and He added that he was especially problems. The United States has and carefree his son looked amid flights into its airspace by planes carrying contraband narcotics.

MOSCOW: Defense Minister Fired

(Continued from Page 1) ganizing the alert for the protection of the airspace of the country, a lack of due vigilance and discipline, and major dereliction of duty in the

guidance of forces by the U.S.S.R. Defense Ministry." The Tass account also said that Chief Marshal Alexander I. Koldunov, 63, who has headed the air defense forces since 1978, had been

The Soviet leadership accused Marshal Koldunov of "negligence and lack of organization" in connection with the violation of air space, Tass reported, and for "lack of control over the actions of the anti-aircraft defense forces."

The senior military shake-up indicated the extent to which the airplane episode had embarrassed the Soviet leaver, Mikhail S. Gorbachev, who was meeting in East Berlin with Soviet bloc leaders when the reports of the incident surfaced. It also showed his willingness to dismiss the military's highest-ranking officers when mistakes occur.

Tass said the Defense Ministry told the Politburo that Mr. Rust's plane had been detected by radar as it approached the Soviet border. Soviet fighter planes flew twice around the West German plane," Tass said, but apparently did noth-

The leadership, according to Tass, said the air defense forces showed "intolerable unconcern and indecision about cutting short the flight of the violator plane without resorting to combat means."
The report did not make it clear whether that meant shooting the plane down or forcing it down.

Mr. Rust, who buzzed Red Square three times at low altitude after flying over 420 miles (680 kilometers) of Soviet territory in a flight from Helsinki, is being questioned by Soviet authorities, according to the West German Em-

episode and the separate statement on the retirement of Marshal Sokolov were read on the main national evening television news program. The two events were not directly linked in the official reports.

The Politburo statement also did not say that Mr. Rust had landed his single-engine Cessna alongside the Kremlin, which observers said indicated that the leaders were clearly sensitive about about how close the aircraft had come to the The Politburo statement on the beart of the power structure.

PILOT: Early Release Is Called Likely for Youth Who Landed in Moscow were expected to visit him for the Video of Flight Shown

He was reportedly led away from

Red Square Thursday night by po-

lice, and some reports indicate he

(Continued from Page 1) first time early in the week. made public by the Polithuro in a Klaus Neubert, an embassy offi-cial, said Sunday night that the statement Saturday night, air force ets twice "flew around" the intrud-West German government had no ing Cessna. But the air defense independent confirmation of Mr. commanders showed "intolerable Falin's remark that Mr. Rust would unconcern and indecision about be given lenient treatment. The West German spokesman cutting short the flight of the viola-

tor plane without resorting to comsaid Mr. Rust had been arrested bat means," the Politburo said. and was under investigation hut What remains unclear is whether Soviet air defense forces misidentithat no specific charges have been brought against him. He said the fied the plane, lost track of it or embassy had not been told where simply could not make up their Mr. Rust was being confined or hy minds to force it drawn what agency.

Western military analysis said it was possible that Soviet jets, flying at speeds several times that of the 130-mph (210-kph) Cessna and trying to detect its form amid the was being questioned by military visual "clutter" of trees and towns, officials. could have sped past the little plane and lost it.

Mr. Rust remained in custody arrived in Moscow with a woman and presumably under interroga-tion Sunday, and the motives for his audacious flight were still un- German citizen involved is the known. West German diplomats young man."

Mr. Rust told amazed hystanders in Red Square he had had contact with a Soviet jet during his flight to the center of Moscow. Reuters reported Sunday from

Audio film shot by an unknown person and screened on West Gernetwork, which bought it in Mosman television's main evening news Sunday night showed Mr. Rusi's rented plane circling the Kremlin domes, swooping in to land, then taxiing up to the Kremlin wall.

The 19-year-old flier, an over-night hero in West Germany, was shown standing in the midst of a group of excited Russians, signing autographs and answering questions in German and English,

Mr. Rust, wearing a bright red flying jacket, told a disbelieving Western diplomats Sunday discounted reports that Mr. Rust had woman questioner twice that he had come from Helsinki. Asked bow long it had taken, he said: "Five hours." passenger, The West German Embassy spokesman said "the only

"After one hour after Helsinki l had a short contact with a jet of the

happy to see how self-confident been trying to intercept or forestall

the Plussians.

The spokesman said the film did

some reports have asserted.

ly hy surprise.

WAR: Israel Remains Polarized by Clash Between Ideals, Desire for Security

AFRICA: Epidemic Is Threatening a Continent's Elite REAGAN:

(Continued from Page 1) effect on the severity of the epidem- before the net effect becomes a ic for the next five years. The peo- dampening of social progress?"

ple who are going to die have al-ready been determined." The AIDS emergency in the de-veloping world will be a central are based on studies of people livtopic in Washington this week as ing to cities, although more than up to 6,000 researchers meet for the four out of five Africans live to

The U.S. government in recent months has come to view AIDS as the most important emergency fac- Zairian village last year, for examing Africa, according to State Department officials in Washington.

The disease is already present among the educated elite in a number of countries," M. Peter come harder to obtain io the past McPherson, then administrator of the U.S. Agency for International Development, said in a policy

statement in April. stability and progress."

Dr. Ruhakana Rugunda, Uganda's bealth minister, reinforced the spread of the disease.

thal message last week in a speech

The organization estimates io Kampala: "AIDS is a disease hitting mainly at the productive age group," he said. "In our experience, the disease has not spared either the ordinary worker or the execu-

tive and professional sectors." Uganda, which has led Africa in openness about the spread of AIDS, is not an isolated case. Research in Uganda, the Central African Republic, Zaire, Rwanda, Burundi, Tanzania and Zambia has found a repeated pattern of infec-

tion among the educated elite. In Zambia, tests of blood donors in towns of the northern coppermining region found that 13 percent were infected with the virus. Of that group, according to Zambian health officials, 68 percent were

skilled professionals. ning to develop," asks Dr. Jona- screening and strengthening the than Mann, director of the World health systems in African coun-Health Organization's special pro- tries, where per capita spending on several companies with African gram on AIDS, "how many young health averages about \$1.75 a year,

movers and shakers can you lose can check the spread of the disease.

Statistics about the spread of AIDS in Africa are sketchy and Third International Conference on rural areas. Recent tests of Afrilower than in cities. In a remote cans. ple, only I percent of the population tested positive for the virus.

Authoritative statistics have beyear as some African governments press AIDS researchers to withhold their findings.

sources," he said, "could severely cases to the World Health Organidamage prospects for economic zation. Researchers and African health officials, bowever, say that figure is a gross underestimate of

> The organization estimates that at least 50,000 Africans have symptoms of AIDS and that 2 million or more are infected with the virus. Many virologists believe that about half of those now infected will die within five years and that nearly all will be dead within 10 years.

There is no doubt that at this point one is talking of many milbons of deaths in Africa," Mr. Tinker said.

The beavily affected countries are expected to have a doubling of infection every 12 months, he said. Dr. Mann regards dire scenarios for AIDS in Africa as unfounded and counterproductive. "The problem is so serious that overstating it doesn't belp," he said.

He said that immediate interna-"In a country that is just begin-tional support for education, blood

Only Uganda has developed a long-term plan to fight the disease. At a meeting of aid donors last week in Kampala, more than \$6 million was pledged to support that

As the aid effort continues, international publicity focusing on sexual promiscuity as a prime reason cans in isolated rural areas have for the rapid spread of AIDS in found infection levels to be sharply Africa has infuriated many Afri-

on foreign tourism, foreign press reports about AIDS infection levels have led to stringent controls on the release of AIDS research data. A cabinet-level committee now decides what to make public.

be beginning to change.

According to U.S. officials in Kenya, demand for condoms bas jumped from 10,000 a month a year ago to 300,000 a month now. A similar demand for condoms occurred early this year to Uganda, where 500,000 U.S.-supplied condoms disappeared weeks after arriving in the country.

What alarms many health officials and researchers most about the African epidemic is that it appears to target a group that this developing continent cannot afford to lose: skilled young adults.

In several African countries, according to Dr. Mann, senior government officials and husiness leaders have died of AIDS. Worldwide fear of AIDS could adversely affect the opportunities of Africans to obtain much-needed university and technical training abroad.

Multinational companies with large investments in Africa have begun to consider moving their operations, according to Mr. Tinker. who recently bas been approached for information about AIDS by holdings.

(Continued from Page 1)

Representative Henry A. Waxhas frequently questioned the ad-ministration's AIDS plans, said Sunday that the proposal for routriumph of politics in the administration over all the advice of their In Kenya, which depends heavily public bealth experts,"

■ AIDS on Venice Agenda Lawrence K. Altman of The New York Times reported from New

The AIDS epidemic is expected Across Africa, there is evidence to be high among the issues addressed by the leaders of the sevened about AIDS and that behavior may nation todustrial summit confer-

The leaders are also expected to support a meeting of the world's health ministers about public education, according to the theme paper agreed upon for the conference by its planners. The recommendations that come

out of the meeting will be the highest expressions of concern about AIDS yet from world leaders. "The more fact that the heads will have talked about AIDS, even

if it is for 10 or 15 minutes - that allows national efforts to get galvanized and move forward," said Eric D.K. Melby, a special assistant to W. Allen Wallis, undersecretary of state for economic affairs.

meeting. Mr. Reagan is heading for the conference June 8-10 amid expec-

tations that have been lowered hy

economic and political uncertain-ties in the six other nations, administration officials say.

tennal for social and economic devfor mandatory tests for AIDS infection among such groups as im-While Mirapolis may be intend-ed as a French answer to Eurodis-ernment officials and AIDS theme paper says any steps must be er direction.

The conference planners' theme land will occupy a site 51 times paper characterizes the World bigger than the 86 acres (35 bect- Health Organization, based in Ge-Health Organization, based in Geares) devoted to Mirapolis, al. neva, as "the best forum" for interthough much of the land in the national efforts to stop the epidem-Disney venture will be used for golf ic. Such an endorsement could courses, hotels and conference cen-

about 25 miles from central Paris AIDS or vaccines are developed to along the main highway leading to prevent it, education is the only eastern France and West Germany, way to stop its spread. Britain was is just a 20-minute drive from the the first country to set up a large-Foire du Trône, a factor that is scale public education program while Lyndon B. Johnson urged He added, "In the eestasy of the The ambivalence, coupled with portation of Arab p likely to accentuate the friction about AIDS.

The ambivalence, coupled with portation of Arab p restraint and Charles de Gaulle military victory and the messianic fears that giving back the land seizure of their land.

filled the air. Arab leaders spoke of dled."

blood and vengeance.

them will survive," he said.

commander of the eastern front, erations, recalls that public parks were desig-But beyond that, agreement did

Install today is a curious mixture pugnacious success and resigned raids. There were stockpiles of the residual pugnacious success and resigned raids. There were stockpiles of the residual pugnacious success and resigned raids. There were stockpiles of the residual position of the s

"The big problem in Israel is we're between visions. We've said goodbye and good riddance to the supercharged idealism of the founders of the state, but we

- Daniel Elasar, Political scientist

for peace and over the size and very minister at the time, stammered essence of their state, yet they are not paralyzed. while making a radio address, and the army chief of staff, Yizhak Rabin, later prime minister and now defense minister, suffered a nervous collapse, exhausted from ers remained deeply ambivalent, affection Israelis call it the "cold wrestling with his government's inmen like Elyakim Haetzni, then 4I peace," and it has been a hitter wrestling with his government's in- men like Elyakim Haetzni, then 41

> For the 19 years before the war, the residents of Kibbutz Ein Gev. on the scenic eastern shore of the Sea of Galilee just below the Golan Heights, spent nights in bomb shelters, hiding with their children from the incessant thunder of Syri-

Today the Syrians, once a few hundred yards to the east, are 20

For the kibhuzniks, the Six-Day War was an act of self-liberation. Many of them served as combat officers and participated in key campaigns. Yet they quickly developed a sense of ambivalence and discomfort about the war they had

Tsur, who fought to defend Ein Gev and who these days is the kibbutz movement's most noted phi-"We felt that after this, there

static, that unless Israel and the could never be another war again." Arabs move toward peace they in- he said. "But we were uneasy. Very experts said in interviews. The gyitably will be dragged in the oth- soon many people started coming to our restaurant for celebrations. Israelis lack his sense of urgency. The victory they were celebrating but many agree that another war is did not sound like the victory we thought we had won. This was the beginning of our unease."

> were won quickly destroyed that For the Israelis, the Six-Day War consensus. began as a nightmare and ended as In its place, wrote Amos Oz. a

were "new bymns and new bungers In the dark days before June 5, and the blowing of rams homs."

well.

gravestones, coffins and plastic the same time, West Bank cities like sbeeting for body bags. In some Hebron, Bethlebem, Beth El and towns, people began digging Nablus were considered by Israel's Jews 35 cornerstones of their coun-

> urv's biblical heritage. Many Israelis, Laborites among them, saw them not merely as pieces of real estate to be bargained away at some conference table.

While Israel's Labor Party leadand a lawyer on the fringes of the small right wing, knew what had to be done. When Israeli forces cap- Hanoch Smith found 63 percent tured Hebron, the biblical bome of Ahraham, who is sacred to both Judaism and Islam, Mr. Hactzni

rushed to the scene. "Hebron for me had always been the unatisinable, something shrouded in the deepest mists of Judaism." he said. "When I heard it was in our hands, it was like an electric shock. I knew right away it would change my life, change Israel, change everything. It was the

Secular nationalists like Mr. Haetzni moved quickly to form settlements on the fringes of Hebron and other areas. They were joined by many religious Jews, whose view of Israel underwent a revolutionary change in 1967.

Rabhi Shlomo Goren, then the chief chaplain of the army, said: When we returned to the Temple Mount and the Western Wall, it was the end of 2,000 years of exile and expulsion and the beginning of States. That this has damaged Isthe Messianic era."

Rahhi Goren was one of the first to arrive at the wall after its capture by Israeli forces on June 7 and blew the traditional ram's horn there. "Religious people who had never

believed in the Jewish state responded to this dream," he said. Officially the Labor government disapproved of these settlements. Unofficially, it often helped the tion. settlers, who used the same sym-

as the early pioneers. Labor's foreign minister, Yigal Allon, proposed a plan to return most of the territory to Jordan in official. return for peace. Yet at night, ac- Israelis similarly acquiesce in cording to Mr. Haetzni, Mr. Allon practices on the West Bank that

canceled arms shipments to Tel intoxification, our arrogance would harm Israel's security, inev-Aviv, visions of a second Holocaust swelled, our sense of reality dwin- itably shifted the debate inside Israel to the right.

There was agreement on some in 1967, the dovisb but pragmat-A Palestinian leader, asked fundamental principles. Jerusalem ic views of Ahba Eban, who at the about the fate of the Israelis, was indivisible and would remain time was foreign minister, were shrugged. "I estimate that none of under Israeli sovereignty. There squarely in the mainstream of Isalso was consensus that some of the raeli politics. Mr. Eban's views Israel began preparing for its West Bank would, never be re- have changed little to 20 years, but own funeral. Uzi Narkiss, then turned because of security consid- today be is on the leftist fringe of the establishment.

One key factor in this shift has They constitute about 60 percent of the country's population but were long under the thumb of the Ashkenazi-dominated Labor elite.

Although Mr. Begin was a European-oriented Ashkenazi, his long years in political opposition turned his rightist Likud into a populist which Oriental Jews were the most important component

Another factor pushing Israel to the right was the peace treaty with

Anwar Sadat's 1977 mission to Jerusalem electrified Israelis and set off visions of a new brotherbood between the Middle East's

most bitter enemies. Those longings remain unfulfilled. Peace with Egypt has meant a quiet border on Israel's southwest flank but no great outpouring of disappointment for many of them.

In a survey last fall, the pollster supported effort by Mr. Peres to break the stalemate with Jordan. But says Mr. Smith when he asks what it is that Israelis are willing to give up, the numbers dwindle. Only between 33 and 45 percent in various samples express support for territorial compromise.

The peace issue rules people's lives in countless ways. Israelis spend three years after high school in compulsory military service and at least a month in reserve duty yearly after that. They pay more than half their average income in taxes to support one of the world's most sophisticated defense establishments. Defense consumes 20 percent of Israel's gross national Besides draining Israel's econo-

my, the huge defense budget has dramatically increased the country's dependency on the United raeli sovereignty is clear in a number of recent cases, including the Iron arms affair and Israel's annonneement that it would cut back ties with South Africa. Some Israelis, including senior

government officials, have expressed the fear that Israel has become an extralegal, extraterritorial arm of the American administra-It is "a sort of second CIA availbols and spoke the same language

able for dirty missions when the White House prefers not to go through the regular channels," in the words of a Foreign Ministry

a miracle, and it retains a deep and novelist and another kibbutznik, often stopped in Hebron to chat make many of them uncomfortwith the settlers and wish them able; among the practices are administrative imprisonment and de-The ambivalence, coupled with portation of Arab people and the

PARK: At a French Theme Park, the Magic Is Marred

(Continued from Page 1)
On Thursday, the Ascension permission to repair its installations immediately without waiting schools were closed. Mirapolis was tions immediately without waiting

Three days later, on a Sunday, tacks were spread in parking lots, which can hold 5,000 vehicles, and were scattered on roads leading to "We worked like animals for two

for estimates.

years to get this park built," said Guy de Broisgrollier, the compa-ny's chairman. The destruction, he said, is "revolting and scandalous." Of the 12,000 visitors who had come to the park that day, 1,500 turned up with phony free tovitations that had been distributed throughout northern Paris by

anonymous tricksters. Mirapolis officials said they believed some of the attackers had come from the Foire du Trône, a fair at Vincennes, on Paris's eastern outskirts, which operates for two

reduce the number of visitors.

far from full. A spokeswoman said about 7,000 people visited that day. Despite the enthusiasm of the

visitors have found the attractions pale imitation of those at the Walt Disney parks in the United Adults pay 100 francs (\$16,45) each for a ticket that gives access to all the spectacles and pavilions; admission for children is 70 francs.

One attraction, a circular, planetarium-like theater where a white owl that calls itself "The Guardian of the History of the Earth" asks children to be patient because "I have been waiting 5 billion years,"
has nothing of the slick technical prowess of Disneyland and little of

the charm of its themes. The mechanical means that activate the moving parts are easily One effect of the incidents, visible. A yapping dog, for example, wags his tail thanks to a gleample, wags his tail thanks to a gleample. (\$108,000) worth of material damage and an estimated one million francs in lost trade, has been to

nve orthopedic device. Fairground workers had long vowed not to let the creation of

theme parks in France pass without

They object particularly to a reduction in the value-added tax on to 7 percent, which applies only to growing concern about AIDS popredominantly young staff, some entrance to the modern theme parks and not to the old-style fairs. astation. Traditional fairs in France are estimated to provide about 300,000

iobs annually.

While Mirapolis may be intendneyland, its scale is much less ambitious than that of the Disney project east of Paris that is expected to take up to 20 years to com- of buman rights." The first stage of Eurodisney-

But the Eurodisneyland site. likely to accentuate the friction, about AIDS.

Testing Ordered

Health Service, as well as the World Health Organization.

man, Democrat of California, who tine testing on a large scale is "a

The leaders are expected to de-clare the disease a major world tween Western-oriented Ashkenazi bealth problem and to call for more

Mr. Wallis is President Ronald Reagan's chief planner for the

Acquired immune deficiency syndrome is only one of many topics to be discussed by Mr. Reagan and the leaders of Japan, West Germany, Britain, France, Italy and Canada. But including the disease admission tickets from 18.6 percent on the economic agenda reflects

"in accordance with the principles

which has started to 30 countries. Until drugs are found to cure

(Continued from Page I) tied by history, geography and eco-nomics ever to be re-divided.

"The future is already here," be says. "The old equation of territory for peace is dead, has lost its meaning, and we are faced finally with the unavoidable question of whether Israelis and Palestinians can find ways of living together on the same piece of land without destroying

of pugnacious success and resigned failure. The Israelis are a bruised, tired

each other."

and skeptical people trapped in a sluggisb political interregnum, yet they appear neither demoralized nor defeatist. Backed by \$3 billion in annual U.S. aid, they have cooled their their more demagogic leaders, be-

Jews and Fastern Sephardic Jews international cooperation against it through the World Health Organi-pation on a world stage where until pation on a world stage where until recently they were shunned as pari-They remain deeply divided over graves. what risks, if any, they should take

tween Western-oriented Ashkenazi

Ruled by an improbable bybrid coalition government that reflects their own indecision and mistrust. Israelis seem to have chosen to put off all the intractable historical, po- decision and his own doubts. bucal and moral questions that bave sat on the table since the Six-

Day War ended 20 years ago. Most people see it as a twinge, a manageable ache, not a major emergency, and they have learned to live with it," said Daniel Elazar, a political scientist. "The big problem in Israel is we're between visions. We've said goodhye and good riddsnoe to the supercharged an shells. idealism of the founders of the state, hut we have yet to replace it."

his own domestic troubles and hy has been unwittingly helped along hy Israel's Arab neighbors, whose persistent misreading of the social clubs.
strength and determination of this For the kib small state has contributed to a 20year stalemate on every front but Western diplomacy, wedded to arcane formulations and obsolete

propositions rooted in realities two decades out of date, has generally tended to abet the failure. Such an uncomfortable situation might be tolerable except for the The leaders may debate policies fact that Israel and its neighbors sit constantly on the precipice of war. losopher. Mr. Peres says the situation is not

> all but inevitable. "We will have to fight again," says Shlorni, 20, a draftee serving in interviewed on condition that his ries. The Six-Day War had been last name not be used. "Everyone waged by consensus as a struggle bere talks about it. We all expect it for survival. But the prizes that We just don't know when."

lasting hold on the Israeli psyche.

have yet to replace it.

Levi Eshkol, who was prime

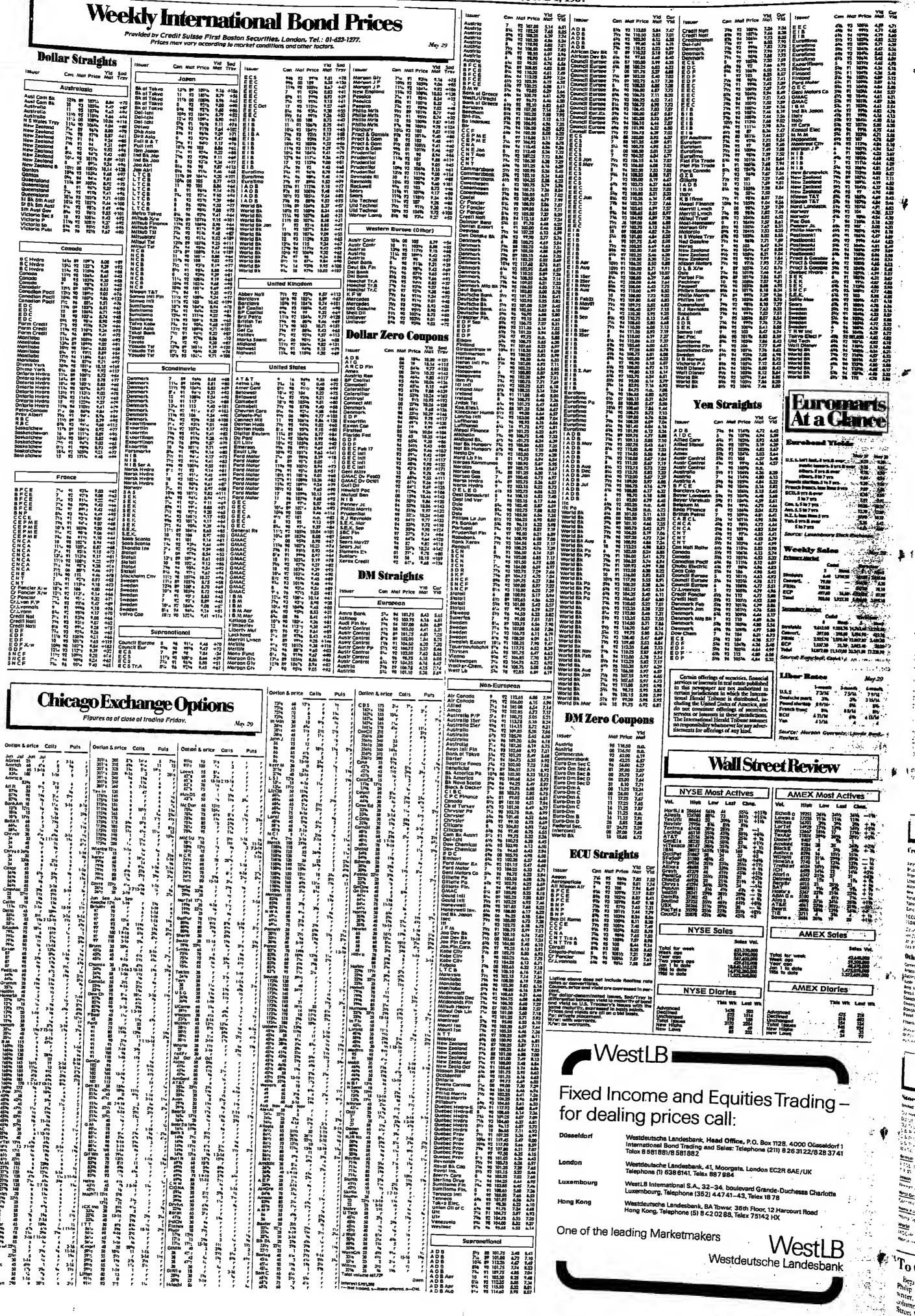
The war changed all that and changed it forever.

miles (32 kilometers) away, and the This process of postponement shelters serve as recreation centers crossroads in all its aspects." for weight lifting, music lessons or

> fought and won. "We were naive," said Muki

The crux of Mr. Tsur's ambivaspecial infantry unit who was lence was over the captured territo-

supplying grants to builders.



Con Control

To Our Read

France: Political Strains

IN THE NEWS

May 28: International Talks Begin on Terrorism

U.S. Attorney General Edwin Meese 3d and top officials from Japan, Canada and seven European countries meet to discuss international cooperation against terrorism. The meeting came as France tightened security in response to a letter from the Committee of Solidarity with Arab and Middle East Political Prisoners which threatened a "hot summer" if three convicted terrorists serving life sentences in France were not freed. The group has claimed responsibility for last year's bombing wave in Paris.

May 15: Jobless Rate Expected to Reach 11.7%

INSEE, France's national economic institute, in its outlook for the rest of the year, predicts that unemployment will rise to 11.7 percent and inflation to 3.5 percent while the growth rate will stagnate at about 1.1 percent. It attributes the rise in un employment from the current 11.1 percent to continued economic restructuring.

May 11: Barbie Trial Opens in Lyon

uroman La Glano

The trial of Klans Barbie, head of the Lyon Gestapo from 1942 to 1944, opens in Lyon, the city which was considered the center of resistance against the Germans. Barbie, 73, is on trial for crimes against humanity during World War II. On May 14, he began boycotting the proceedings, contending that his expulsion from Bolivia in 1983 was illegal. Barbie reappeared in court May 26, after Judge André Cerdini ordered him brought back to face witnesses.

March 28: Mitterrand, Kohl **Unify Arms Approach**

After more than four hours of talks, Chancellor Helmnt Kohl of West Germany and President François Mitterrand announce that they have unified their positions on European defense and disarmament.

April 24: Le Pen Announces Presidential Candidacy

Jean-Marie Le Pen, the leader of the ex-treme-right National Front, announces his candidacy in the 1988 presidential eleccandidacy in the 1988 presidential elec-tions. The announcement, and subsequent statements by Mr. Le Pen-sor television, create rifts in Prime Minister Jacques Chir-ac's Rally for the Republic party. Michel Noir, the Gaullist minister for foreign trade, warned his colleagues against moving to-ward Mr. Le Pen's ideology to capture votes. Mr. Chirac appealed for an end to the dispute, but refused to take sides.

IN THIS REPORT

TV Makes Waves 11 Privatization leads to a scramble for share of France's expanding television market.

Culinary Mystique

Warming Up for Presidential Election

Le Pen's Candidacy Exposes **Divisions in Rival Parties**

By Brigid Phillips

ARIS - The election for the oext French president is still a year away but already it looms as a race that will tear at the fiber of the traditional parties and trouble the conscience of France. The prospect of the election has sharpened rivalries within both conservative and leftist parties as politicians and partisans line up behind competing potential candidates. The internal tensions have come into public focus, particularly within the coalition of conservative parties that was elected with a slim major-ity to the National Assembly 14 months ago. However, no issue is likely to highlight those tensions more than the question of how to react to the extreme-right National Front par-

The National Front leader, Jean-Marie Le Pen, ran for president in 1981 and culled less than I percent of the vote in the first round of balloting. But since then, his fortunes have

He has had respectable showings in municipal and regional elections and in the 1984 election for the European Parliament. In last year's legislative election, he won almost 10 percent of the vote, which, under a new proportional voting system, gave him 35 seats in the National Assembly.

Mr. Le Pen is the only declared candidate in the presidential election that should be held next spring. With the legitimacy that he has gained from a place in the National Assembly and a solid base of popularity of about 10 percent, he has become ever more rancous in thumping his ultraconservative platform.

He believes the imemployment problem can be solved by offering jobs to Frenchmen first and sending immigrants back to their home-lands. He proposes incentives for women to stay at home with their children. He demands



Raymond Barre



François Mitterrand

Jacques Chirac

reinstatement of the death penalty, and is regularly called anti-Semitic, racist and xenophobic

Most recently, he outraged television viewers by proposing that AIDS victims, whom he called "today's lepers," be isolated in homes as we would do for any great epidemic."

"We should have the courage to admit," he added, "that AIDS can only be caught through drug-use and sodomy." He went on to accuse Health Minister Michele Barzach of being "an accomplice to genocide, under orders of the lobby financing pornography and sex shops."

Mr. Le Pen's positions are considered dangerous by a strong majority of the French. He has been unable to boost his popularity above 10 percent in the past two years. All the main political leaders distance themselves from Mr. Le Pen, and polls show that any party that forms an alliance with the National Front is guaranteed to lose an election.

Yer, he has maneuvered into a power-broking position that goes well beyond his electoral support. He is making his issues the election issues, and he is wreaking bayoc in the tradi-

"The biggest question today is: Will the



Jean-Marie Le Pen, the leader of the National Front.

Even if there are no outright votesharing deals done with the National Front, will other parties be tempted to borrow Le Pen's rhetoric in order to steal some of his sympathizers.

of the presidential campaign for the next year," said Jerôme Jaffre, director of political analysis for Sofres, France's biggest polling firm.

He added: "For the moment, other parties. and especially the conservatives are in a position of being forced to talk about National Front issues like immigrants and AIDS victims. If this continues, the National Front will gain an influence far more important than the percentage of votes it gets in the presidential election. Today, the French political scene is ailing from an illness caused by the extreme

right."
That is what many politicians worry about

in this long run-up to the election. Even if there are no outright vote-sharing deals done with the National Front, will other parties -- especially on the right - be tempted to borrow Mr. Le Pen's rhetoric in order to steal some of his

That question was posed recently in a frontnat question was posed recently in a front-page lament in Le Monde by Foreign Trade Minister Michel Noir, a young and visible member of Jacques Chirac's Rally for the Re-public party. "Are we," he said, "ready to sacrifice our souls in order to win elections?

Continued on page 10

Defense Policy Shifts From Isolationism Toward Europe

By Kenneth R. Timmerman

ARIS — Ever since De Gaulle re-turned to power in 1958 and finalized work on the French strategic nuclear force, French defense policy could be summarized in a single phrase; securing the national sanctuary.

However, over the past five years a series of gradual shifts have brought about a major

ange in French strategic policy. In a speech last September at the French National Defense Institute, Prime Minister Jacques Chirac announced that France was

Mr. Chirac emphasized that France's security no longer depended on the national sanctu-ary alone, but would be "played out on the borders of her neighbors." He added that threats to French security "could also come from the sea, which covers more than twothirds of the globe."

French strategists have long debated the role that French armed forces should play in the defense of Europe. Even De Gaulle, who pio-

neered French isolationism, insisted that the French 2d Army remain stationed in West Germany despite France's pullout in 1966 from the NATO integrated command.

The gist of French conventional strategy

then became the ambiguity of when and where French forces would join the battle before the suicide weapons of the French nuclear force

But, in fact, according to a 1985 West German defense white paper, secret agreements were drawn up between France and the North Atlantic Treaty Organization specifying how the French would coordinate with the integrated NATO forces in central Europe.

Further clarification of this role was made on Feb. 25, 1982, when President François Mitterrand of France and Chancellor Helmut Schmidt of West Germany announced the formation of an "alliance within the alliance." Until the French Socialists came to power in

1981, the idea of a "French-German pillar" to European defense, set out in the Elyste Treaty of 1963, had remained a dead letter.

But soon after the Socialists took office in June 1981. Prime Minister Pierre Mauroy began describing Western Europe as a common

"space of defense" and called for "an antonomous center of military decision in Europe."

After the 1982 French-German summit meeting, military cooperation between the two countries increased dramatically, with biannu-

We are advancing toward a European defence,

meetings between the French and West German defense ministers, joint troop maneuvers in West Germany and cooperative armaments development.

The following year, a major reorganization of French ground forces was ordered by Defense Minister Charles Hernu to increase their

mobility in the European theater. An "air mo-bile" division was created, with 240 attack and anti-tank helicopters, as the centerpiece of the 47.000-member Rapid Deployment Force.

As Chancellor Helmut Kohl of West Germaoy said in Paris recently, the perception of a shared European defense has become so stroogly anchored that most Germans realize that "French soldiers serving in West Germany are also defending our freedom."

However, the most spectacular move toward a European defense was Mr. Mitterrand's offer in January 1986 to consult with Bonn in times of crisis on the use of French tactical nuclear weapons.

following a French-German summit meeting, Mr. Mitterrand called the French strategic nuclear force "an important contribution to NATO's deterrent" capability, even though the final decision concerning its use remained with the French president.

"We are advancing toward a European de-fense," he said. "Both Germany and France are moving deliberately in this direction." However, there can be no joint French-

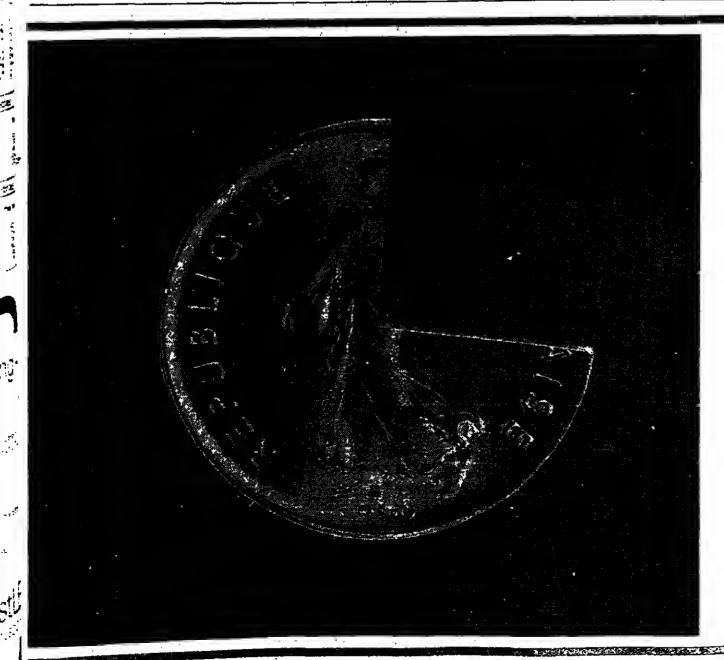
German military command as long as West Germany remains in the integrated NATO command, and France without.

The problem is that the French have their own disparate command," said Manfred Wörner, the West German defense minister, "And the joint NATO command structure is a deterrent factor of high degree. An attacker knows he is going against several countries at once. It is a problem the French will have to

Whether or oot France will opt to rejoin the NATO integrated command remains an open question. Noting "the paradox" that West Germany lacked a ouclear deterrent despite its while France had a NAIU membersi ar deterrent while remaining outside the NATO command, Mr. Hernu said that this "could lead in coming years to modifications in the legal statutes of the Atlantic alliance."

Mr. Hernu is not alone. The French military establishment has responded favorably in recent years to the upswing in French-German military cooperation, and sees German

Continued on page 12



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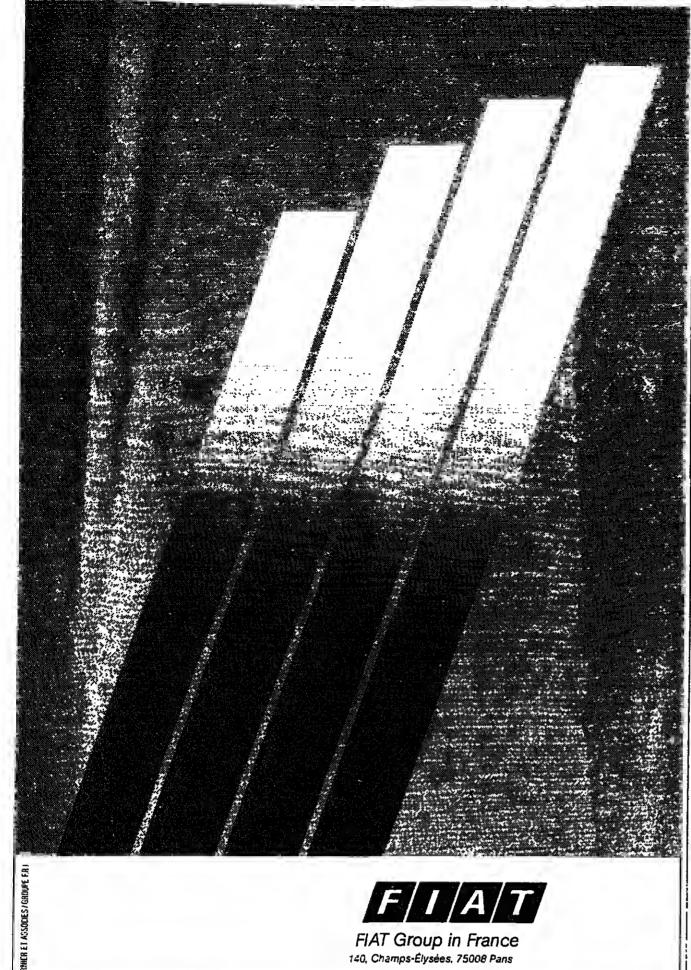
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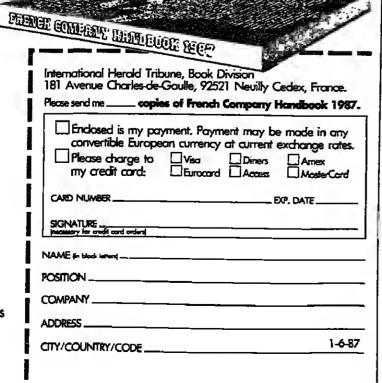
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Privatization Proves Inefficient

By Vivian Lewis

ARIS - Criticism of the way French companies and hanks are being privatized is mounting. The government, and particularly the team at the Finance Ministry handling the selling off of stateowned firms, is being attacked by the Socialists led by Pierre Beregovoy, a former minister of economics, for mispricing and for cronyism, for interfering with free markets and for conflicts of

The privatization system is already proving inefficient, and if newly private shares continue to be seen as a sure way to earn money fast (by stagging, selling shares for a profit after subscribing) it may even become unwork-

Meanwhile, newly denationalized firms, like Paribas, are under attack by their new shareholders for failing to give board representation to the overwhelming majority of shareholders, 3.2 million small French investors who own four shares each.

Since success of privatization will be a key plank in the 1988 election campaign of Prime Min-ister Jacques Chirae, these charges are too serious to be ignored. Successful denationalization, the French are beginning to realize, will not only be a matter of finding buyers for equity formerly held by the state. How they are found matters too. A major issue is the price at

which the shares are sold. In order to be sure to sell the shares it is offering — and to make sure the public will make money from denationalizations in the longer term - the Finance Ministry has

One result has been that the French have learned to stag, to bid on new issues in order to sell with a gain as soon as trading begins. This tactie has already been adopted by 20 percent of the purchasers of Parihas stock, despite the chances of a one-for-10 free share in 18 months if they

Fearful of attack from the So-

Company 969 444 107 125 132 Price per share in French francs.

cialists, the team around Finance, Economics and Privatization Minister Edouard Balladur has also tried to control information

about pricing.
During the drawn-out process
of attributing shares to French
resident individuals, who have priority in purchase under the denationalization law, trading on the "gray market" operated by Loudon brokers will already have

begin — at a premium.
But to try to control French
demand for the new stock, the
government has clamped down on quotation or even newspaper publication of gray-market prices in France. Some French investors, realiz-

ing that the number of shares they are likely to receive will be reduced, have reacted by filing applications for every member of the family. This is one reason the number of shareholders has skyrocketed in France. Although a French bank is accused of fraudulent multiple filings in the British Gas privatization, there have been no charges of fraud so far within France. The system is resulting in a

paperwork nightmare for banks and brokers handling the applications, and for the newly priva-tized companies to deal with Furthermore, chances are that what France is achieving is not so much a broadening of share-ownership as a multiplication of the number of accounts among members of families that already are in the habit of owning stock

To try to stop the proliferation of new brokerage accounts, brokers like Jean-Pierre Pinotton are requiring that a minimum cash balance of 20,000 francs (\$3,500) per account be maintained.

One long-simmering issue has now come to the fore over privatization. French companies are remiss about getting information to their shareholders. For example, they do not maintain a shareholders' roll in order to inform them about annual or interim results, splits, rights issues or annual meetings. Proxy fights are impos-sible, because bidders cannot

contact shareholders. The replacement of paper shares with electronic bookkeeping entries has made matters worse. Many shareholders who wanted to attend the first postnationalization annual general meeting at Paribas simply could not get an admission ticket from the bank or broker holding their

A related problem is that shareholders under French law may not vote by proxy - only in person. Frustration resulting from lack of information may be one reason there is so much agitation to get representation on the boards of denationalized companies for small shareholders.

Some of this agitation may re-sult in needed reforms of French stock market traditions. Ownership without representation is not shareholder democracy.

Perhaps more politically dangerous in the long term are accusations of cronyism and conflicts of interest. Sometimes the charges made in the French press border on the ridiculous, like the theory that Mr. Balladur is looking for a job for himself at a denationalized company after he

leaves the Finance Ministry. But there seem to have been some odd inclusions, and omissions, among the block share-boldings sold during some recent bank privatizations. The system sets up a hard core of French institutional investors who pay a premium over the public underwriting price in return for a block of shares and a say in the future of a company or bank.

The dismissal of the former Socialist-appointed chairman of the Banque de Travaux Publics shortly after its privatization made it clear that politics does have a role in the designation of new owners.

In addition to paying a premi-um, the block shareholders have to keep their stock for a petiod of years. But unlike the public, they can get exactly as many shares as they seek and do not face reduction because of excess demand.

The international side of the seiling off is not very popular either. Bidding is essentially confined to institutions outside France, just as it is ea confined to individuals inside France.

Banks that sought permission to have their shares listed outside France were turned down by the Finance Ministry.

One reason is that the Finance Ministry distructs foreign mer kets even more than it districts French ones. Fearful that a foreign listing will result in a demand for denationalization issues that it cannot control, the ministry has consistently blocked attempts by privatization compames or their underwriters to make a public listing outside France.

YIVIAN LEWIS, a Paris-based financial journalist, is a regular contributor to The Bankir and the International Organizations Man

Firms Mobilize to Invest Abroad

going to miss the chance that a declining dollar gives them to buy U.S. assets cheaply. For those companies with global ambitions, 1987 is likely to be a year of international, and particularly U.S., investment.

In order to internationalize their investments, these French companies will have to internationalize their capital and borrowing as

However, because of nationalism at home, French companies are not always as free as their foreign rivals to become truly multina-

A sign of the times is the decision by Sanoli. a pharmaceutical and cosmetics firm quoted on the Paris stock market although it is twothirds controlled by the oil company Elf-Aqui-taine, to apply for quotation on the Swiss and West German markets as part of a capital increase in May. Sanofi hopes to win shareholders from Benelux and Britain as well as West Germany and Switzerland.

utaine, which is quoted on the Paris Bourse although it is controlled by the French government, plans to gain a listing this year on the New York Stock Exchange. This will be the first Big Board listing for a French parent company. But because Elf directly and Sanofi indirectly are controlled by the government, it is difficult to dissociate their management policies from government ones. Furthermore, even French private sector companies are limited in their internationalization.

French private sector multinationals, such as Lafarge or Club Mediterrance, already have their U.S. subsidiaries on the New York Stock Exchange.
Others, such as BIC Corp. or Liquid Air,

subsidiaries of BIC and Air Liquide, are traded over-the-counter in the United States. These listings are either the result of marketing ploys aimed at winning consumer support or result from takeover bids of listed firms.

outside France. Lafarge is a cement firm, which bought General Portland and in late 1986 for preferred stock the National Gypsum Alpena plant. It has important interests in biotechnology, partly in joint ventures with Aji-No-Moto of Ja-

But their parent firms, fearful of losing control to foreign investors, so far are not listed pan; Club Med runs boliday camps world-wide; BlC makes ballpoint pens, lighters and razors; and Air Liquide is the world's leading producer of industrial gases through the take-over of Big Three Industries in the United States last year. Lafarge is being advised by Nikko Securities

in its efforts to gain a listing this year in Tokyo. Other French firms that are said to be hoping to raise equity in Japan are Louis Vnitton, BSN, Moet-Hennessy, Air Liquide and Paribas, a recently denationalized bank. Before the

French government took it over in 1982, Pari-

bas was the only French firm with a Tokyo. Another mark of the times is the increased internationalization of French bond market operations. In December, Rhône-Ponlenc, a nationalized chemical company, helped pio-neer the use of perpetual floating rate capital tiotes as a way of increasing capital without selling shares. It could not do this because it

preferred shares allowed to state-owned firms under French law The issue raised \$300 million which, along with money market preferred stock raised in the U.S. domestic market, helped pay for the acquisition of the U.S. agricultural chemical subsidiary of Union Carbide.

There are important regulatory and psychological obstacles to worldwide capital raising by French corporations. These obstacles him der them in creating foreign subsidiaries, in worldwide research, in siting production where it is most rational to do so.

One problem is exchange controls, which ent. the French market off from the international flow of both currency and capital. Although somewhat weakened, the system still interferes with major bond or share issues by French

Foreign share or bond issues, intercompany loans, forward cover or prepayment of interest and principal payments on loans are subject to rules requiring prior notification of the French Treasury, and sometimes prior approval, QUEUES, CIC.

But exchange controls are only a symptom of a wider problem, the way the French government and unions, and ultimately indu view the world. Inward investment in France is

closely monitored and often interfered with on trivial grounds. This was the case when a hid by Carlo de Benedetti for control of Vallo, a troubled auto parts manufacturer, was blocked because of national security considerations. A small part of Valéo's business is in making brakes for tanks. If Rhone-Poulenc or another state-owned

firm won permission to privatize its shares, only a maximum of 20 percent could be sold to foreigners under French law. This contrasts with the situation in most other European countries and the United States, where corporations either do not know the nationality of those who own them, since without exchange controls it is hard to track investment, or to not particularly care.

Unlike Novo Industri of Sweden, Telefónica of Spain or dozens of U.S., Dutch, British of Japanese companies that are controlled by foreign investors, Prench multinational corporations seek to prevent foreign investors from had already issued the 25 percent maximum in . getting a major stake.

French anious and the government force companies to justify overseas investment by pledging that such an investment will not simi-inate jobs at bome. A decision to maintain a laboratory in the United States, such as Rhône-Poulenc is doing with a former Union Carbide facility in North Carolina, has tobbe fought for. But a worldwide company camed centralize research and development in France. French companies typically accomtheir annual reports with figures about their

net contributions to French exports or the balance of payments. They give not only their foreign sales but also their foreign sales mannfactured in France. Although these muniters are probably not accurate, this exercise in nationalism is a thing that few non-French firms would consider For France it is typical. Although other countries also practice job

rotectionism and may also interfere with direct investment on trivial grounds, the debate is different in France because no one in indus-try appears to be willing to tackle the philocal sacred cows: mercantilism, protection of domestic jobs, doing research at home, selling goods or know-how abroad even at a loss, or keeping foreign investors from controlling a company.

Vivian Lewis

Le Pen Exposes Divisions in Rival Parties

Continued from page 9

There are many symptoms today of the early 1930s when the end of an economic crisis sparked upsetting increase in extremism - we have no right to allow development of hatred, racism anti-Semitism. Mr. Noir was reprimanded for so openly

exposing the divisions within both the RPR party and its coalinon partners, the Union for a French Democracy (UDF). But not before the damage was done. Mr. Noir's soul-searching statement set off a scurry to take sides on the question, with some seeing the expediency of trying to capture Mr. Le Pen's hase of rightist voters and others, like Mr. Noir, arguing that such an approach only legitimizes extreme-right philosophy.

The incident will almost certainly be re-

solved with statements over the next few months realfarming the conservative parties' refusal to form any partnership with the Na-tional Front. But Mr. Le Pen has already achieved much of his purpose - he has caused open disarray in the ranks of the traditional right and he has made his own ideas the center of debate.

The strain caused by the debate over Mr. Le Pen only adds to the existing problems within the conservative coalition over the choice of presidential candidates. Mr. Chirac is virtually certain to run. For-

mer Prime Minister Raymond Barre is also

considered a sure candidate. Fornier President Valery Giscard d'Estaing has reluctantly pulled out of the race. But the young culture minister, François Léotard, is still a possible contender. If the possible candidates all decide to run, it would seriously fragment the rightist voting base, already splintered to some extent by Mr. Le Pen. Pollsters agree that that would inevitably help the Socialist Party.

The Socialist Party won a majority in the National Assembly in 1981 but lost to Mr. Chirac's coalition last year. It can take some comfort from the divisions in the rightist coali-tion. Socialist President François Mitterrand has recently surged ahead to take a convincing lead as the most popular presidential candidate. Yet that popularity may be an illusion. Mr. Mitterrand is viewed as above the fray

and a sagacious higher authority who has managed to govern for the past year with a conservative prime minister without compromising his Socialist principles.

The Socialist experience since 1981 is per-haps the Socialists' greatest chance for sincess, Mr. Jaffre said. The French, even rightist voters, are no longer afraid of a left-wing government. They have seen it isn't that different from conservative governments. So the Socialists may benefit from their own experience as well as the divisions within the right to make gains."

actually vote for him for a second seven-year presidential term. Voters have trouble seeing what new program he would offer.

Also damaging Socialist chances is the fact that Mr. Mitterrand may not announce whether he will run until it is too late for other aspiring Socialists, such as the popular former agriculture minister, Michel Rocard, to prepare a campaign.

The Communist Party is the worst-placed of all the parties. Its leader, Georges Marchais. announced a year ago that he would not run for president after the Communists dismal showing of 9.7 percent in legislative elections in 1986, compared to the 20 percent they re-ceived in 1978.

Much of that support may be going to the Socialist Party, which is unlikely to consider any leftist partnership with the Communists, such as the short-lived alliance they formed in

The Central Committee of the party recently gave the tood to the uncharismatic, earthy, long-time party official Andre Lajoinie to run, in what many observers saw as a cynical move that will bolster Mr. Marchais's position as secretary-general of the party at the expense of any hope for electoral success.

1.5

Ser Loons

It is doubtful, though, that the more than 50 BRIGID PHILLIPS is a Paris-based journalist.





Privatization Leads to Scramble for Share of Expanding TV Market diales media corporation, a miduction cannot compete with the rish outward from Fr concerns Mr. Lescure. He at that neither a now a new that neither a new a ne

million subscribers, Mr. Lescure acknowledged that 200 million

francs of its revenues, covering 8

percent of the company's receipts and its profit of 115 million

francs, were derived from adver-

It is already questioned in the

television community, and to

some extent in the government.

whether there is enough advertis-

ing money to support six broad-casters, especially in light of a

recent government decision to

han the advertising of alcoholic

beverages from the airwaves, a

cut of 800 million francs from

adapted to its nature," Mr.

Drucker argued, "Canal Plus

should get its resources from its

take only 2 percent of total adver-

Mr. Lescure replied that "we

Mr. Drucker continued, "The

two public channels should be

complementary in terms of pro-gramming, like BBC One and Two, and entirely supported by

public funds. Then there would

be enough advertising to support

current system," said Antoine de

Clermont-Tonnerre, chief execu-

tive officer of the Editions Mon-

"Six networks can't live in the

three commercial networks.

There is room for all six channels if the financing of each is

tising last year.

this revenue pool.

NTIBES - Sitting barefooted on the upper deck of his yacht, Robert Maxwell, the British media magnate and owner of a 12 percent share in the newly privatized French television network TF1, was asked if it were true that he was negotiating with his putative business rival at the 5th network ("La Cinq"), Silvio Berlusconi, for joint investments in a European satellite TV channel and co-productions in Spain

"I have written to Mr. Berlusconi," said Mr. Maxwell, "that he can't go on fighting so unreasonably against Bouygues and still remain a cooperator with me in Europe." He was referring to Francis Bouygues, chairman of Bouygues SA, one of the world's largest construction companies, and Mr. Maxwell's majority partner in TF1, with 25 percent of the

The practices that Mr. Maxwell considered unreasonable included "suggesting 10 times the going rate" in salaries for such former TF1 stars as the variety show hosts Patrick Sabatier, Stéphane Collaro and Patrick Sébas-

They and others were hired by Mr. Berlusconi for La Cinq only days after the National Commission for Communication and Liberties chose the group of investors headed by Mr. Bouygues and Mr. Maxwell in a highly public competition to buy TF1 from the state for 3.5 billion francs (about \$583 million) on April 16

\$583 million) on April 16. These were only the latest developments in the French andiovisual scene. The situation was summed up by Pierre Lescure, director general of the Canal Plus cahle TV network: "Do you realize what an obscene mess is going on here?

Certainly, the good old days of French television are gone forev-er. They began with TF1, France's sole, state-owned network until 1964, when the state opened Antenne 2. In 1977 came FR3, also state-owned. Both FR3 and Antenne 2 are still stateowned. The private sector entered the scene only when Canal Plus's encrypted signal was sent to subscribers on Nov. 4, 1984, a date now regarded as the start of

a revolution in the French media. The revolution took a giant step on Feb. 20, 1986, when France Cinq, a network formed by the financier Jérôme Seydoux with Mr. Berlnsconi, who runs



Robert Maxwell, left, and Francis Bouygues, part owners of newly privatized TF1.

three networks in Italy through his Fininvest Communicazioni company, came on the air.

France Cinq's charter, negoti-ated by the then-Socialist government, gave the network the right to broadcast off the city-owned Eiffel Tower. This infuriated Jacques Chirac, the mayor of Paris. The French film community was also horrified that, for the first time on French television, movies on France Cinq would be inter-

rupted by commercials.

After the March 1986 election of a center-right parliamentary majority headed by Mr. Chirac's Rally for the Republic, and amid threats of lawsuits by Mr. Sey-doux and Mr. Berlusconi, Prime Minister Chirac annulled France Cinq's concession last Aug. 2. He also amulled that of TV6, a music video network modeled on the American MTV, which had been established under the Socialists concurrently with France Cinq.

At that point, the newly created and ostensibly independent National Commission for Communication and Liberties was handed the job of parceling out the airwaves. On Feb. 27, the commission awarded France Cinq's frequency to a consortium led by the rightist publisher Robert Hersant, with 25 percent of the capital, and Mr. Berlusconi,

also with 25 percent. (Mr. Berlus-

coni and other officials of La Cinq declined to be interviewed.) The 6th channel was given unlike TF1's assets, the airwaves

for these networks were granted free - to an investment group dominated by the Compagnie Luxembourgeoise de Télédifusion and the Lyonnaise des Eaux, France's largest cable TV opera-

films by commercials is now standard on TF1, La Cinq and M6. That was the first sign that a stable, state-owned television system had become an open battleground. At stake are the audience shares and advertising revenues on which the state networks, like the private sector, depend for operating funds and profits.

Though partly financed by a yearly tax paid hy owners of television sets, Antenne 2 and FR3 also claim 2.2 billion francs in advertising revenue annually. This is nearly 30 percent of the 8.5 billion francs spent on TV advertising in France last year.

Antenne 2's advertising sales provide two-thirds of its budget, according to Jean Drucker, president of the network until be moved to the helm of M6 in

Similarly, though Canal Plus depends primarily on a monthly charge of 150 francs to its 1.8 advertising, maybe,"
Mr. Chirac advanced the idea of such a mixed system in April.

some sectors are forhidden to sell

suggesting that FR3 stop selling advertising time and be targeted toward a more selective audience, while Antenne 2 reduce its ad In September, the three private

channels will unveil their oew programs. TF1 and La Cinq will be direct competitors, aiming for a maximum of audience share. For technical reasons, such as outdated antennae, only onethird of French homes currently receive La Cinq, a figure the network hopes to upgrade to 85 percent by next spring.

M6 also only covers one

French home in four. Its ambitions, however, are more restricted. Mr. Drucker hopes to expand his coverage to 24 million homes within the year.

The six channels will show 1,200 new and old movies this year, about 10 times France's annual output of feature films. Not coincidentally, last year French networks invested 205 millioo francs in film co-production and TV rights, nearly 10 percent of all investment in French cinema.

Aside from FR3, whose pro grams are regional and cultural, and Canal Plus, which depends on un-interrupted films and sports events and bas thus earned a 94 percent subscription renewal rate, according to Mr. Lescure, the other networks have one ingredient in common - re-runs of American television series.

Moreover, national series pro-

in price to the networks. Once an American show is amortized in its home market, its rights can be sold in France for an average of

150,000 francs per hour. Even the 600,000 francs per episode of "Dallas" that was paid this year hy La Cinq is far below the average 4 million to 6 million francs required to produce an hour of TV fiction in France.

Industry leaders agree that it will be 5 to 10 years before European-produced series can compete with American ones. Two of the key elements. Mr. Lescure said, will be upgrading the low pay scale for TV writing in France and shifting production facilities from film to television.

Another will be the creation of a trans-European market for programs produced on the Continent, an idea, Mr. Maxwell said, "whose time has come" and which is already exerting a powerful influence in France.

By Fehruary 1988, three communications satellites - TDF-1, Astra and Eutelsat -are projected for launch, permitting direct trans-continental broadcasting to homes equipped with satellite disb receptors and cable relay sta-

It is thus not surprising that in May the French Ministry of Culture and Communications necotiated co-production accords with West Germany's ZDF and ARD publicly owned networks and with the Italian state-owned RAI network.

A similar movement is occurring in the private sector. Canal Plus has announced the invest-

tions Mondiales has signed coproduction contracts with Galaxy TV in Munich, Reveom in Australia and ABC in the

United States.

The kicker in these gambles is that French broadcast regulations require networks to show a minimum of 50 percent of programs in which 25 percent or more of the production capital

originated in France. Since 1984 various interests have been pressing the European Community, with the support of the French government, to apply similar rules on a Continental

"The idea is to cover Europe as quickly as possible," said Mr. Maxwell, adding that 1992, the date when trade harriers will be abolished within the EC, "is a lot closer than people think."

The rush outward from France concerns Mr. Lescure. He argues that neither a trans-continental advertising base nor a programming philosophy adapted to Europe's different cultures yet ex-

Yet Canal Pius is a candidate for a channel on TDF-1. The final choices will be made by June 15. The company is also working on a cable format. "halfway hetween Home Box Office and an American network," said Mr. Lescure. He said it "could be exported to England, Germany,

northern Italy and Spain." "It's now or maybe oever," he

This exigency is at the core of the turmoil in French television.

MARK HUNTER and LISE BLOCH-MORHANGE are journalists who write frequently on European media and cultural affairs.



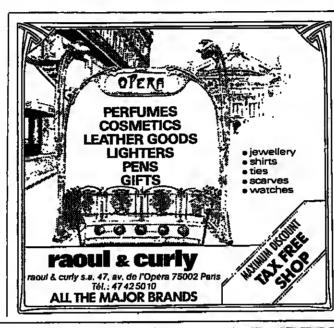
Following the Ordinary and Extraordinary General Meetings of Shareholders on May 26, 1987, the Board of Directors set the schedule for the capital increase, subscription to which is reserved to Compagnie Financière de Suez as well as 10 Société Générale, Paribas. B.N.P., U.A.P., and Crédit Lyonnais. The 2,516,000 shares, issued at F.F. 532 per share and representing F.F. 1,338.S million in new equity, will be fully paid up on June 16th.

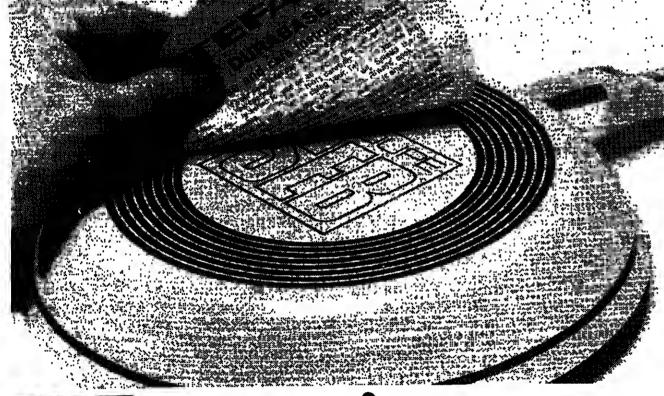
FREE STOCK PURCHASE WARRANTS.

The Board of Directors, at a meeting scheduled for June 22nd, will decide oo the distribution to all shareholders of free stock purchase warrants. The detailed terms and conditions will be announced at that time. These warrants will be listed on the stock

Warrants will be placed in reserve to preserve the rights of potential shareholders (in particular those who may exercise the 1985 C warrants or convert the 1983 French Franc-denominated or 1984 U.S. Dollar-denominated convertible bonds).

The Annual Shareholders' Meeting approved a dividend payment of F.F. 6.50 per share (plus tax credit), an increase of 12.1% over the dividend paid in 1986. The Meeting also decided that shareholders may opt for a dividend payment in shares at the price of F.F. 474 per share. The dividend coupon will be detached oo June 23rd and paid oo August 4th.





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supplying grants to builders.

Does the Gastronomic Mystique Really Match Up to the Reality?

By Patricia Wells

ARIS — Over the past two years, I have journeved 50,000 kilometers throughout France, about 30,000 miles on high-speed trains and slow, mountainous roads, interviewing hundreds of men and women, discussing the elements that are basic to France's tradition of gastronomy.

I have talked with Leier Valley and formers

I have talked with Loire Valley goat farmers and Roquefort cheesemakers. Breton crèpe-makers and France's best chefs, scallop and lobster fishermen, certifiably insane bakers, escargot processors, sea sait rakers, wainut oil pressers, winemakers, cheese-agers, pig wholesalers, and two brothers who make a living growing zucchini blossoms.

Along the way I have worked alongside many of them—curing a 300-pound (136-kilo) pig. conserving foie gras, digging in icy soil to unearth black truffles, learning to distinguish edible wild mushrooms from the deadly ones. And in towns all along France's two coasts. I have gotten up in the middle of the night to greet fishermen as the sun came up. arriving with their catch of anchovies, sardines or fresh white pma

white runa.

Wherever I went, I searched out the most authentic and the best, and this invariably brought me to the "small guys," the artisans, farmers and producers who work independently. As a consequence. I spent a lot of time in villages too small to rate their own postal code and I talked with Frenchmen far removed from the excitement of Paris and the glamour of the country's famous kitchens.

Throughout my journeys. I searched for answers to two basic questions.

The first was how, in this endlessly homogenized world, has France managed to retain its undisputed role as the maker, the shaper, the ruler of Western cuisine? Others challenge it—Italy notahly has a joyous gastronomic tradition and there are remarkable tables in that sensuous country. And elements of American cooking are emerging in many noteworthy ways. But France's cuisine remains the stan-

dard by which all others are measured, to which all others are compared.

which all others are compared.

The second is, can all this continue? Already, in the decade or so I have been traveling and living in France, I have seen anonymous chain supermarkets — with their heads of lettuce slowed on the way to Paris so they could be individually wrapped and sanitized — squeeze out small vendors whose produce was fresher and far more aesthetic. I have watched the trend to cheeses whose taste has nothing over Velveeta, and I have mourned as neighborhood traiteurs and charcuteries disappeared in the favor of trendy, fast-food eateries.

As I carefully searched out, then documented, the gastronomy of contemporary France, I asked dozens of questions whose answers would reflect on those two hig ones. All the while, I focused on the present rather than the past, on reality rather than the myths that have outlived the past.

In many ways, I began this project because, as a journalist trained to seek out the facts. I found myself constantly frustrated by the fact that so much of the "common knowledge" about French gastronomy was sheer invention. I discovered that the "primary source" for some of the authors I had respected turned out to be the Michelin Green guides, and their descriptions of methods and practices were poetry or fantasy, or just plain misinformation. In my staunchly journalistic way I was determined to avoid the appeal of mythmaking and to try to inform readers about how things are today rather than romanticizing the past.

Along with concentrating on the present. I operated on the premise that any cuisine has its source in the tastes and traditions of a nation, not simply in the kitchens of its elegant restaurants, and that its fields and vineyards are more important to preserving those tastes and traditions than its grandest chef. I don't know that I have arrived at final answers to my two questions, out I do have clues and leads, vivid

impressions and, of course, opinions.

I quickly came to the realization that no matter how exhausted I was from getting up



Inchel Core M

early to greet a fisherman with his catch, or interview a haker as his first batch of bread went into the oven, the person I was interviewing probably worked much longer hours and much harder physically than I ever could. Moreover, the next day, the day after that, and the next year and the next decade, he would go back to that joh with thoroughly unrestrained

And if there is one theme I heard time and again, it was the three simple phrases I heard repeated from Alsace to Brittany, Gascony to the Alps of Provence: "We do not count our hours. We love our work. We think that it has value." In part, that was because I was talking to "the little guys" — the men and women who themselves raise the mesclun, who pick the grapes, cure the olives, dry the prunes, knead the hread, smoke the sausages, or age the cheeses that have come to mean, in our gastronomic minds, France.

For most of the people I talked with their involvement with food is not a joh. It is a passion, an emotion and involvement that lie somewhere between deep love and religious zeal. There is the fish chef who told me he

dreamed about fish every night, and who spends five hours each day in the market in Cannes, selecting each fish he serves in his restaurant. There's the Beaufort cheesemaker who rejects artificial insemination of his cows because he insists, only contented cows give great milk. (Besides, he was so proud of his built)

These people aren't doing it for money, because they really don't earn a great deal, or for prestige, because farm work is short on that. They are motivated by unrestrained zeal for what they do and by centuries of tradition.

I don't know that this sort of fascination, respect and knowledge will last forever. Industrialized food continues to make inroads in France, working to confuse the palate or even destroy it. And the market for processed, quick-and-ready food expands as — I regret to say it — French society becomes more Americanized

There were times, of course, when searching out the little guys was not enough. Good intentions, hard work and low-grade flour will still make bad hread. Cheese made from milk that has been pumped, chilled, churned and reheated just won't turn out as well as cheese made from milk still warm from the cow. And even the cheese that is made with this wonderfully fresh milk won't taste wooderful unless it has been given time to age.

Despite such negative factors, regional cuisine is alive and well and even enjoying a resurgence. Throughout the country authentic, regional restaurants are thriving while their flashier homogenized competitors struggle for a clientele.

In the Savoy you can still find restaurants serving an honest friture of tiny fish fresh from the alpine lakes. Along the French-Spanish border, near the village of Céret, there is a restaurant that still serves a traditional curgolade, a wonderfully hearty assortment of snails, pork sausages, lamh and hlood sausage, all grilled over an open fire fed with vine cuttings. In Normandy's markets, that day's catch of shrimp still squiggles in the fishmonger's bins,

and great brasseries nearby still propare them à la minute.

You can still get daubed-out in Provence, lobstered-out in Brittany, eat your fill of goose hearts in Gascony. There is no paucity of great regional fare, just the time and the temperament to seek these places out.

Another encouraging aspect is that gastronomic history is not being forgotten. The tarte
Tatin at the Hôtel Tatin in Lamotte-Beuvron
may not merit a special trip, but it really is
pretty good. And if you do go there to dine,
you can see the stove where those sisters supposedly "invented" that wonderful upside-

Quality is a tradition in French cuisine, and the French respect for both quality and tradition will help protect the nation's gastronomy for long time. Which is not to say it will be preserved intact.

In my travels I have encountered a variety of deceptions, situations that are not quite what they seem. It may be something as small as the fact that the majority of the truffles preserved in the Perigord actually come from the other side of France, in northern Provence. These "cans of worms" — the label on the file I put them into as I worked on sorting them out — add up to a basic, disappointing discovery. Many of the products that have made French cuisine famous no longer come from France.

That foie gras you rave about in Michelinstarred restaurants? There's a 75 percent chance it came from Hungary, or Poland or Israel. Those luscious escargots? Probably from Hungary. The frog's legs? From Yugoslavia. The brochet in your quenelles? Canada. The mustard grain in your Dijon mustard? From Kansas.

Authenticity of origin is a hard question to deal with. Were the products better when they were French? No doubt they were. Food is invariably better the closer it is prepared to its source. But how much better? My decade here isn't enough for me to answer that.

Scallops from Ireland, mussels from the Netherlands and olives from Spain may not destroy French cuisine or end its traditions. But the effects of the contemporary economic order are shattering some aspects of regional gastronomy. \$ (HI'

ipread-

gastronomy.

The economic cooperation brought about through the European Community has indisputably raised living standards throughout

putably raised living standards throughout Western Europe. But the EC's agricultural policy is leading to a steady, irreversible industrialization of farm practices.

Inevitably, this will mean that the price difference between a farm-raised chicken from Bresse and a factory-produced one will drive

all but the most committed Bresse poultry farmers out of business. That a poulet de Bresse will become as rare as caviar and just as unaffordable is truly lamentable.

Yet, basically I came away from my research with my optimism intact. In another generation, I doubt there will still be farmers in the mountains of Cantal, milking their cows by hand, living in stone shacks that lack electricity

hand, living in stone shacks that lack electricity and running water (but not a telephone). But the tradition of making good cheese will still be alive. Old Tante Paulette and Tante Yvonne won't be feeding us their poulet au vinaigre or daube provencale, but someone will come aloog to fill their shoes.

Certainly, frozen food sections will grow in

Certainly, frozen food sections will grow in supermarkets, that drive-in baguette shop I saw in Avignon will no doubt breed offspring, and there's no question that McDonald's and Love Burger are here to stay.

But a good percentage of the authentic, dedicated food people I've met over the past two years will be around to see the new century in, and I'm convinced that the passions of men like Paris's baker Lionel Pollane and Lyon's chocolate-maker Maurice Bernachon will not only get us on through just a little bit longer, but inspire successors who are determined not to let their teachers down.

PATRICIA WELLS is the International Herald Tribune's restaurant critic and author of the just published "Food Lover's Guide to France" (Workman).

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SOCIÉTÉ GÉNÉRALE

Defense Is Moving Closer to Europe

Continued from page 9

strength in conventional armament and the French nuclear deterrent as "complementary."

Less known have been the extensive discussions between the French and British chiefs of staff on the feasibility of forging Enrope's only two independent nuclear forces into a single deterrent extended to all Europe.

Another idea involves the re-

invigoration of the West European union as a means of sidestepping the thorny legal problems created by France's special statute within NATO. Relations between individual European nations and NATO will then be modified on a bilateral basis. "We are a long way from a coordinated European defense,"

French strategist General Jeannou Lacaze said, adding that the
new Soviet disarmament proposals, "by raising the specter of an
American disengagement from
Europe, are pushing us faster in
this direction than before."

A survey published in April by
the French newspeckly I Tex-

the French newsweekly L'Express showed that the French public and the strategist are thinking along similar lines. Eighty-eight percent of those

Eighty-eight percent of those polled favored the creation of a joint European defense system, while 54 percent wanted to bring West Germany into a European nuclear deterrent force.

"One thing is certain," wrote the editorialist, Jean-Paul Pigasse, France's "splendid nuclear isolation is over."

There are many signs of a grad.

There are many signs of a gradual, de facto reintegration of France into NATO, not the least of which is the extent to which the French have been consulted in the attempt to arrive at a joint NATO response to the "double

zero" option.

After meeting with the NATO defense ministers of the nuclear planning group in Norway, the chairman of the joint chiefs, Admiral William J. Crow Jr., came to France on May 16 to meet with French military leaders.

tently refused to allow their nuclear deterrent to be included in the U.S.-Soviet negotiations and have long held that disarmament talks should begin by a 50 percent reduction in the strategic arsenals of the two superpowers before the French would even consider joining negotiations.

Still, Mr. Mitterrand welcomed

the offer of Mikhail S. Gorbachev, the Soviet leader, to eliminate medium-range and shortrange missiles from Europe, as long as the process were "balanced and controlled." But he was careful to make the French position contingent upon Boun. The French have long been

The French have long been wary of any Euromissile deal. Their major fear has been the decoupling of Europe from the United States.

"The smaller the U.S. nuclear

presence in Europe, the weaker the U.S. link," top French officials said. "Conventional weapons simply do not couple the U.S. to Europe. Nuclear weapons do." These officials recently were

These officials recently were able to evaluate the Soviet proposals firsthand during Mr. Chirac's visit to Moscow in May.

"The Soviets want to drive a wedge into the Atlantic alliance and break off West Germany as something special, something separate," they said. "Our position has always been to stop the Soviets from dividing Europe.

This is why we have opposed all offers of a denuclearized zone in central Enrope and the temptation of a reunified, neutral Germany."

many."

They see Mr. Gorbachev's "zero-zero" option as part of a larger Soviet strategy. "The Soviets are going for an agreement on medium-range missiles as a means of drawing off attention from the extremely rapid modernization of their strategic nucloar forces," the officials said.

Today France speads more

Today France spends more than 4-percent of its gross national product on defense, and most experts agree that this is about as high as it will so.

high as it will so.

Even though it eats up about
30 percent of the total defense
budget, nuclear deterrence is considered cheaper in both political
and economic terms than maintaining a large standing army,
and it has been given priority
status by successive administrations.

nitics of this strategy, such as former Air Force General Etienne Copel, believe instead that France should begin to seriously upgrade its conventional forces "because the French president won't push the nuclear button" in the event of a convention-

al or a chemical attack.

The problem of the growing conventional imbalance in Europe in favor of the Warsaw Pact is at the heart of every disarmament discussion. Those who oppose eliminating unclear weapons point out that they have kept the peace for 40 years and that their absence would open the door to Soviet adventurism.

Antiparte : principal : principal :

To Our F

The French have never favored disarmament agreements for their own sake, and their reaction to the zero-zero proposals is no exception. Any disarmament agreement "must increase security, not decrease it," Mr. Mitterand and Mr. Kohl recently agreed.

The answer now proposed by NATO strategists to the growing Soviet conventional and chemical threat is the so-called "emerging technologies initiative."

This involves developing extremely expensive, long-range weapons, radar sensors and sophisticated communications, command and control systems that will act as "force multipliers" to compensate for NATO's numerical inferiority.

The French base come up with

The French have come up with their own solution — the neutron bomb.

By adding the neutron bomb

to our panoply." Defense Minister André Giraud said last year, "we hope to dissociate these two very different tasks: destroying a conventional threat and issuing a pre-strategie warning."

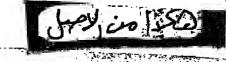
Mr. Giraud's Investoral and the conventional threat and issuing a pre-strategie warning."

Mr. Giraud's low-keyed announcement that France would
use the neutron bomb in response
to a Soviet armor attack went
virtually unnoticed in France and
is unlikely to arouse the type of
emotional outcry that forced
President Jimmy Carter in 1979
to abandon the neutron bomb's
deployment.

deployment in the United States.

If nothing else, the French
have one extraordinary advantage over their NATO partners:
their national consensus on defense policy is almost total.

KENNETH R. TIMMERMAN, associate editor for the Washing-ton-based Journal of Defense and Diplomacy, is the author of "Fanning the Flame," a study about arms sales to Iraq and Iran.







MONDAY, JUNE 1, 1987

EUROBONDS

U.S. Currency's Rebound **Spreads Cheer in Markets**

By CARL GEWIRTZ

ARIS — The dollar's rebound last week — up some 3 percent against the yen and the Deutsche mark - spread cheer in the foreign exchange and dollar bond markets. Although analysts suspect it was only a blip on a continuing downtrend that will be resumed after this week's summit meeting in Venice, there was a detectable undercurrent of uncertainty: Could it signal that the dollar's 20-month slide finally had

The dollar's revival was clearly due to special factors: widespread official support during the past Iwo months and, since the middle of last month, an effective curb on Japanese currency speculation imposed by the

Late Friday, the New York Federal Reserve reported that in March and April — after the late February meeting in Paris where finance ministers agreed to "foster" exchangerate stability - central banks intervened in the foreign exchange markets more heavily

LAMBIE

HAMA!

Higher interest rates on dollar bonds offer protection to Japanese and West German investors.

than at any time since the move to floating rates in 1973. The Fed itself bought more than \$4 billion and the total intervention by the major industrialized onuntries, the so-called Group of Ten, amounted to the equivalent of \$73.5 billion. Meanwhile, last week, Japanese bankers reported continued covering of speculative positions. The major finance, industrial

and trading companies who have been ordered to report daily their sales and purchases of foreign currencies are closing out positions as they onme up for renewal, taking pressure off the These moves underline the determination of central bankers to onnvince the market that no further depreciation of the dollar is

desired at this time. Nevertheless questions remain. Can such heavy intervention continue? Is it enough to turn market sentiment when the fundamental policy changes needed to improve the world economic outlook are still lacking? Japan's long awaited announcement, made late last week, of a plan to stimulate domestic demand with a supplemental budget amounting to 6 trillion yen (about \$42 billion), a billion more than had been talked about, gave only little comfort. Too many unfilled promises in the past have left analysts wary of words and

"ENRY Kaufman, economist at Salomon Brothers, said that "the stimulative impact of the program appears unlikely to approach its advertised 6-trillion yen magnitude (nearly 2 percent of gross national product). While the funding side of the program is still unannounced, unofficial reports indicate that new bond issuance would amount to only I.3 trillion yen (roughly 0.4 percent of GNP), perhaps a better gauge of the package's real additional effects.

With Japan's package now on the table, the economic focus at the weekend summit meeting of the seven major industrial powers will be on what West Germany is prepared to do to stimulate its slow growth and how the Reagan administration intends to further reduce its budget and trade deficits if it remains

unwilling to increase taxes. In fact, nothing new is expected - and this is expected to revive currency speculation.

On the other hand, there is reason to assume that foreign investors are prepared to resume buying dollar securities, thereby financing the huge U.S. current-account deficit, once confidence in the dollar's value is restored.

adequate protection against further devaluation and at some point could or should trigger a big new buying spree of dollars to purchase dollar-denominated bonds.

ton, imply a 10-year break-even exchange rate of about 80 yen against the dollar and about 1.35 Deutsche marks against the dollar. Present exchange rates are 143.75 yen and 1.8180 DM. The most extreme forecasts in circulation have the dollar weaken-

to foreign investors. needed for investors to act on this percepoon," says

See EUROBONDS, Page 15

Currency Rates

Paris Tokyo Zurich 1 ECU	6.0735 143.60 1.5725 1.1394	9,872 233,78 2,4594 9,701	3.3342 78.49 \$2.975 * 2.0762	23.70 24.765	4,419 x 10.95 * 0,115 *	2,9404 79.17 73.48 = 2,3284	16.101 * 381.61 * 4.006 *	4.0195 95.26 1,7205	4.22 * 1.0514 * 163,961
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Last Week's Markets

All	figures are as o	res are as of close of trading Friday							
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D (4 . 140	282 16 + 281 %		250	21-					
0 0 1 000	328.19 + 3.63 %		33/76	2 15/14					
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<u>Britais</u>									
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• • • • • • • • • • • • • • • • • • • •		3-month Interbank	3.75	3.75					
<u>irpan</u>	34,156.71 + 2.55 %	<u>Britain</u>							
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est Germony		Call money	948	758					
Wnmerzbk 1.759.60	1,730,50 + 1,68%	3-month intersonk	8 15/16	8 9/16					
		Dollar May 2	29 May 22	Ch'se					
ng Kang		Bk Cngl Index 101.90	100.10	+ 1.80 %					
ing Seng 2,919.70	2.897.62 + 0.76 %	Gold PATRICE							
rid									
<u>74</u>	455.90 + 0.77 %	London p.m. fix.5 451.00	466.50 -	-3.44 %					
-CIP 459.40	455.90 + 0.77								

To Our Readers

Beginning Wednesday, the International Herald Tribune will add ulip H. Dougherty, The New York Times's distinguished advertising iter, to its weekly lineup of columns. The International Manager lum by Sherry Buchanan will now move to Thursday, and the Wall reet Watch column will appear on Fridays.

U.S. Rate Of Growth Up in May

Purchasers Post Sharp Increase

By Jonathan Hicks
New York Times Service

NEW YORK - The U.S. economy's rate of growth increased sharply in May, according to a monthly report by the National Association of Purchasing Managers.

The report, for release Monday, stated that 34 percent of the responding managers in various in-dustries reported gains in new or-ders and only 11 percent reported declines from the previous month. In April, 30 percent of the managers reported an increase in new orders, while 12 percent indicated de-

The association compiles the results of its monthly survey into a seasonally adjusted index. The index rose sharply, to 57.5 percent, from 54.2 percent in April.

The May figure was the highest since June 1984, when the index reached 58.1 percent. Generally, a reading above 50 percent indicates that the economy is expanding. while below 50 percent signals a

"Even without the aid of inventory growth, all indicators point in a positive direction," said Robert J.
Bretz, chairman of the association. The growth in new orders virtually assures both a good second quar-ter and first half of 1987."

Mr. Bretz, director of materials management at Pitney Bowes Inc., said the index averaged 54.7 percent for the first five months of the

"Based on past experience," he said, "if this average were to con-tinue for the remainder of 1987, this would be consistent with real gross national product growth of bout 3.2 percent."

The survey of purchasing man-agers at 250 companies showed growth in all economic indicators, except for inventories, which remained stable.

New orders increased in May for the fifth consecutive month, though at a slower pace than



Sanofi's vice president, Jean-François Dehecq, left, and president, René Sautier.

Sanofi: Unabated Empire-Building Elf's Pharmaceutical Unit Credits Flexible Structure

By Christopher Boian

PARIS — Thineen years ago, two men were given a billion francs along with instructions to build an empire. That, they both say today, is precisely what they have done.

The empire is Groupe Sanofi SA. a Frenchbased multinational holding company. Using capital allotted by Société Nationale Elf Aquitaine in 1973 for the creation of a research and development subsidiary. René Sautier and Jean-François Dehecq, Sanofi's president and vice president, began a series of corporate acquisitions that has yet

"We started with practically nothing in an industry where the established companies don't like intruders," Mr. Dehecq said. "We have fought

Ranked as the eighth largest pharmaceuocal manufacturer in Europe, Sanofi has holdings in 160 companies in more than 100 countries and is listed among the top 20 corporations in France in terms of market capitalization.

"Our strategy has placed strong emphasis on expansion from the beginning, and will continue to do so," said Mr. Sautier, 64. "When good opportunities come up we take them. That's all there is to

Speed is clearly the key to Sanofi's modus ope-

randi. In the first three years of the company's existence, it acquired all or part of 13 smaller companies in France and abroad, ranging from the Yves Rocher perfume and cosmetics concern to a

pharmaceutical laboratory in Spain, It was, however, the 1980 purchase of Clin-Midy laboratories, the pharmaceutical branch of CM Industries, that solidified Sanofi's presence in the international marketplace.

In its most recent acquisition, Sanofi agreed in April to buy two U.S. cosmetic firms owned by American Cyanamid. Sanofi would not disclose the price, but the companies involved, Jacqueline Cochran and La Prairie, were reported to have combined annual sales of \$60 million. Mr. Sautier conceded that the Cyanamid trans-

action fits neatly into Sanofi's agenda for growth — an agenda that considers the top priority to be carving deeper inroads into U.S. pharmaceutical and cosmetic markets. But he maintained that they came about spontaneously,

"The deal was not planned at all in advance," Mr. Sautier said. "Our managers in the States called us and said. 'Something's come up that we think the company should act on right away. So we called them back the next day and said, 'Fine. — do it today.

Among reasons cited by Mr. Debecq, 47, for the See SANOFI, Page 16

Italian Official Calls on Bonn to **Spur Economy**

By David Brown Special to the Herald Tribune

ROME - A week before the seven-nation economic summin meeting in Venice, Italy has added its voice to calls that West Germany stimulate its economy in the face of flagging European growth.

Carlo Ciampi, the governor of Italy's central bank, on Saturday criticized West Germany's continuing "reluctance to utilize its econonuc potential" for expansionary

He also called for more coordination within the European Moneiary Sysiem.

The Bank of Italy's annual assessment of the global and domestic economic situation drew the country's leading industrialists and

Mr. Ciampi warned them that growth of Italy's gross national product this year, though higher than the expected European average, would probably fall short of the bank's February forecast of 3 percent. GNP is the value of a nation's total output of goods and

He pointed to an unexpectedly strong deserioration in the country's trade balance through April. and the threat of renewed inflation. after a sharp seven-year drop to 4.2 percent from 22 percent in 1980.

The governor's warnings come as Italian politicians are competing to take credit for the country's strong economic revival before the June 14 general election.

The country cannot "surrender to the illusion that its "unresolved problems" can be evaded, Mr. Ciampi said, adding that domestic demand is rising too fast while expor competitiveness is declining in the face of a low dollar exchange rate, among other factors.

The rising cost of oil poses a critical economic threat, be added, citing Italy's need to import 70 percent of its total energy require-

Finally, the government's heavy borrowing requirements to finance

having "more common ground

What is policy coordination? How do these men know when

their economies fall out of line, and

established so far is a "framework"

for holding economics on course. It is centered on six "objective indica-

tors" of economic performance:

growth, trade, budget balances, in-

flation, interest rates and currency

ernments are on different budget

cycles, and their budget processes

are different," said a deputy minis-ter. The group agreed to let the International Monetary Fund act

as referee, and with the IMF's man-

aging director, Michel Camdessus.

attending Group of Seven meet-

ings, major differences appear to

have been resolved.

The ministers are farther from

agreement on how to respond when

someone's indicators depart sharp-

The French finance minister. Ednuard Balladur, proposed that the system include a high degree of what economists call fautomatic-

ity." Countries would automatical-

ly take corrective, predetermined action when the indicators, espe-

cially exchange rates, went awry, "But this did not seem possible,"

Mr. Balladur said, "So I suggested

ly from projections.

than we have had in the past."

then what do they do?

exchange rates.

the national debt, which now stands at more than 100 percent of GNP, will keep domestic interest

The Bank of Italy also announced important banking policy initiatives Saturday.

One move would tighten banks' reserve requirements, open opportunities for money raising, and gradually case rules controlling Italian and foreign banks opening retail branches in Italy.

An earlier move announced last month significantly deregulated rules governing banks spending. Together, the new initiatives mean a shift away from regulation and toward market forces, a senior Bank of Italy official said.

These moves are likely to spur increased competition and and a big shakeout in the banking sector over the next several years, said Amerigo Gori. director of the ltalian banking federation.

Mr. Ciampi also said the bank would move to limit the right of industrial companies to acquire shares in banks and financial insulutions, in a step designed to insure banks' independence and to avoid conflict of interest of the kind that led to several big bank failures in

Peugeot Sets Offering of New Shares

By Axel Krause

onal Herald Tribune PARIS - The French automaker Peugeot SA will announce plans Monday for a capital increase estimated to be valued at about 5.2 billion francs (\$856.9 million), Peugeot executives said Sunday.

The controlling sharebolding of about 23 percent of the Pengeot family will remain unchanged. while the second-largest sharebolder, Compagnie des Establissements Michelin, the big French tire maker, also will probably retain its current holding of 7 percent, Peugeot executives said.

Peugeot now has 16.7 million shares outstanding.
Foreign investors will be allowed

to buy a third of the offering of 1.57 million new shares. The per-sbare price has been established at 1,700 francs. Buyers also are to receive a warranty to buy an additional share at 1,700 francs, which can be exercised until Dec. 31, 1990. The price of Peugeot shares, which closed Friday at 1,595 francs, has What the ministers say they bave

been rising recently.

The foreign offering, being managed by the Paribas banking group, bas already been largely oversubscribed, primarily in Britain, Switzerland and West Germany, said Yves Rapilly, Peugeot's chief fi-

Choosing the indicators was only nancial officer. ernment of the seven nations are a beginning. The next step was to likely to announce that the finance settle on common methods of mea-Starting Monday, two-thirds of suring them.

The difficulties are apparent if one looks at budgets, "All the gov-

the 1.57 million new Peugeot sbares are to be offered to existing French and foreign shareholders on a firstcome, first-served basis until June

The new shares plus the warrantics, assuming they are exercised, will represent about 5.2 billion francs. "This represents new capital to reinforce our financial structure, to reduce debt and pursue expansion," Jacques Calvet. Peugeot's chairman, said Sunday. Shares not purchased under the

priority offer by June 11 will be offered for public sale, the company said in a statement.

In a related move. Peugeor has proposed that one free share of the company's stock be given for every five shares currently held. The annual meeting scheduled for June 29 is expected to approve the proposal, which would add another four million shares, bringing Peugeor's total shares outstanding to about 24 million. Shareholders also are expected

to approve payment of a 10 francdividend based on 1986 earnings. which rose to a record 3.59 billion francs, and the first dividend paid

nies' liquidity problems by order-ing that, without special would call a quick meeting, as they did in February after a renewed run permission, prices can be increased See SEVEN, Page 16 only once a month, and by the equivalent of 80 percent of the pre-

See BRAZIL, Page 17

ELOF HANSSON – THE GLOBETRADER[®]

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The current much higher interest rates available on dollar bonds offer investors in Japan and West Germany more than

2.052

Current bond yield differentials, says Credit Suisse First Bos-

ing to no more than around 100 yen and 1.10 DM. As existing interest differentials adequately compensate for even this extreme development, dollar bonds should be attractive

Group of Seven's Daunting Goal: Managing World Economy forces that had pushed that system to its limits by the early 1970s, leading President Richard M. Nix-coordinating economic policy. Of the notion absurd, most of the par-By Peter T. Kilborn New York Times Service Formed a year ago, the group has an impressive mandate: to devise a ticipants are not so cynical. Gerhard Stoltenberg, the West Gerway the countries can work togethman minister, for example, talks of

WASHINGTON -Six somberwho invariably arrives in open sports coats, convene every three months or so in the opulent gilded chambers of the Louvre Palace, in the clubby rooms of No. 11 Downing Street or beneath the swooping brass chandeliers of the U.S. Trea-

sury's third-floor conference room. All ministers of finance, they call each other by first names - Jim, Kiichi, Gerhard, Edouard, Nigel, Michael, Giovanni, Each comes armed with briefing books, his deputy and his central banker. Three bring interpreters.

Collectively, they are known as the Group of Seven. The industrial democracies they represent - the United States, Japan, West Germany, France, Britain, Canada and Italy - join in the annual economic summit conferences.

By Alan Riding
New York Times Service

RIO DE JANEIRO, Brazil -

Amid mounting expressions of de-spair over the explosive inflation that is ravaging Brazilian business,

there is a strong dose of nostalgia for the good old days of annual price increases of "only" 220 per-

It was possible to live with this

businessmen recall, because the en-

tire economy was indexed to adjust

But the peculiar rules that long

steadied the Brazilian economy

were shattered last year, first by a

price freeze and then by the col-lapse of that freeze. And now, with

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inflation between 1983 and 1985, breathe," said Murilo Sarney, the

automatically to price rises.

Samey speaks from personal experience. He beads a specialized steel maker. Carmifer, that suspended

lapse of that freeze. And now, with bankruptcy under the Brazilian inflation running at an annual rate equivalent of Chapter 11 of the

of 1,000 percent, much of the pri- U.S. Federal Bankruptcy Code in vate sector is fighting for its life. the first four months of this year A large part of the problem than in all of 1986—180 compared with 52. Just one company that did

interest rates in Brazil, which so recently in Rio de Janeiro had means that all loans are made on an debts equivalent to \$120 million.

ly suited men and one, the Italian, er to manage the world economy. That is easier said than done. In a simpler era, after World

on to abandon the gold standard, make it impossible to return 10 such mechanisms as rigidly fixed Now, once again, the group is

'One of the most difficult jobs in the world is coordinating economic policy. Of necessity, a country's domestic agenda has to

- James A. Baker 3d, U.S. Treasury secretary

War 11, when the world's economies were less interdependent and relationships among currencies. Finding a workable replacement. world to gold and kept them in some kind of balance.

That era is past; most financial experts agree that the volatile

adjustable-rate basis. And because

interest on such loans soars along with inflation, companies that had

borrowed heavily when inflation

was relatively low now are required to pay extraordinarily high rates. "Someone who was paying 2 per-

cent monthly interest last year and

then suddenly has to pay 30 per-

cent faces a snowball that keeps growing until he is smothered and

is forced to ask for help and time to

younger brother of Brazil's presi-

dent, José Sarney. The younger Mr.

its debt payments in mid-May.

The result of such pressures has been a surge in bankrupicies. In

São Paulo, the country's industrial

center, more companies filed for

its capital markets more regulated, bowever - if there is one - pushes a similar group of men wrote the economic theory to its limits. It is treaty of Bretton Woods, which also a task that assumes a hefty tied the finances of the Western dose of political clout among its

participants, if they are 10 put into

mercial Confederation.

pended.

effect at home the promises they make in their meetings.
"One of the most difficult jobs in

tos, president of the National Com- face."

something they call "international economic policy coordination." Although some economists find

day," said Antonio de Oliveira San- and invested and are now on their

Brazilians Yearn for the Days of 220% Inflation "At least 100,000 companies are tion' had arrived," one business technically bankrupt in Brazil to- consultant said, so they borrowed

preparing to meet, this time at the

Venice. The heads of state or gov-

ministers have moved some dis-

tance toward a new arrangement

June 8-10 summit conference in

Put differently, with a sharp This is spreading alarm in the drop in sales signaling the arrival of banking community because coma recession and threatening to push panies that file for protection unup unemployment, there is no way der the bankrupicy laws are rethat most companies can generate quired to pay only 12 percent annual interest during the first two the cash flow needed to cover interest payments that have increased years of bankrupicy, during which steadily since the price freeze began time principal payments are susto "meli" last November. Further, while struggling in

"When you're talking about come up with a coherent austerity 1,000 percent inflation," one Braprogram to curb inflation, the gov-ernment has added to the compa-hecome automatic." The seven zilian banker said, "you're almost asking banks to write off the debt. Most of the companies in deep-est trouble are those that had faith in the anti-inflation program known as the Cruzado Plan that

was imposed 15 months ago. They were sold that 'zero infla-

NASDAQ National Market Danilide Danies of the Control of th 294 .6 .92 4.6 .25e 3.1 .20e 1.0 .30i 2.0 .50 24 .16 .50 24 .60 24 .48 1.5 .44 2.4 .00 4.6 .20 .7 .101 .7 120 .17 .86 .3 1.52 7.2 2.40:17.5 2.25 6.3 2.16 2.4 .08 2.4 .08 2.1 .37e 1.1 .92 3.4 .10 1.5 .86 4.7 1.10 3.0 .66 3.7 .17e 1.5 1.0e 1.4 1.40 3.3 .48 3.2 .22 3.5 .44b 2.6 15% — + 5% 4½ 11% + 6% — -6% — -19% 2 2 6% 2 .22 28 38 30% 12% 15% 14% 8% 10% 4% 12% 12% .20e .48 Mutual .50 .08 16.50 15.13 roup; 16.25 15.42 10.76 11.42 15.42 10.76 11.42 12.74 13.77 NL 16.35 NL 16.30 NL | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.0 32e 1,5 ,10e 2 ,82s 2 ,10 8 ,12 1.2 27.26 2.16 EURO 26.26 11.57 N.L.

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INTERNATIONAL HERALD TRIBUNE, MONDAY, JUNE 1, 1987

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New International Bond Issues Compiled by Laurence Desvilettes

					Pueu oy	Laure	ice De	svilettes
•	ř	lssuer	Amoun (million	f Mat	Coup %	Price	Price end Week	Terms
		ING RATE NO	TES		.			
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•		ance Corp.	\$25			10)	99.75	Noncollable, Fees 196%.
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-		-TINKED						
_	Asics		\$ 50	1992	open	100	99.00	Coupon indicated at 2%. Noncellable, Each \$5,000 note with one warrant exercisable into company's shores of an expected 25/26 premium. Fises 25/26, Terms to be set June 3.
	Coeur d	'Alene Mines	\$ 50	2002	6	100	98.50	Callable at 103 in 1990. Conventible at \$26.55 per share
-	Daiichi		\$100	1992	Open :	100	99.00	Fees 21/4%. Coupon indicated at 2%. Noncollable. Each \$5,000 note with
4	Daiwa H	louse Industry	\$300	1992	open	100		one warrant exercisable into company's shares of an expected 254% premium, Fees 254%. Terms to be set June 1.
	Eogle In	dustry	\$ 17					Coupon indicated or 190%. Noncellable, Each \$5,000 note with one warrant exercisable into company's shares of an expected 294% premium, Fees 26%. Terms to be set June 2.
	Encision		<u>.</u>	-	open	100	96.00	with one wemont exercisable into company's theres at on expected 24% premium. Fees 24%. Terms to be set June 2.
	- ICSCA1	··	\$ 60	2002	open	100	99.00	Coupon indicated at 6% to 7%. Convertible at an indicated 18 to 22% premium. Fees 26%. Terms to be set June 1.
_	<u> </u>	Sogo Bank	\$ 50		open	100	102.00	Semionnual coupon indicated at 195%. Convertible at an expected 5% premium. Fees 25%. Terms to be set June 4.
	Hyogo S	iogo Bank	\$100	2002	obeu	100	102.00	Semiornual coupon indicated at 13%. Convertible at an expected 5% premium. Fees 24%. Terms to be set June 4.
_	Kyowa I	lakko Kogyo	\$150	1992	1%	100	110.00	
	Mitsubisl Petroche		\$150	1992	open	100	105.75	Coupon indicated at 14%. Nancallable. Each \$10,000 note with one warrant enerciable into company's shares at an expected 24% premium, Fees 24%. Terms to be set June 4.
	Mitsubis! Industrie	ni Plastics s	\$ 50	1992	open	100	107.00	Coupon indicated at 135%. Moncallable, Each \$5,000 note with one warrant exercisable into company's shares of an
. 7	Ogden		\$ 85	2002	6	100		expected 25% premium, Feet 25%, Terms to be set June 1, Convenible at \$79% per share, a 16.42% premium, Feet
*	Seiko			1000			10000	29.%
_			\$ 32	1992	. 2 ——		100.00	into company's shares at 462 year per share and at 145.05 year per dollar, Fees 24%.
: _	Sekisui P	iastics	\$ 40	1992	орел	100	100.00	Coupon indicated at 13/%. Noncollable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25/% promium, Fees 25/%. Terms to 6e set June 4.
: :	Shinetsu	Chemical	\$100	1992	ореп	100	105.00	Coupon indicated at 114%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 215% premium. Fees 216%. Terms to be set June 3.
•	Shiroki	"	\$ 35	1992	open	100	100.00	Coupon indicated at 2%. Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at an expect- ed 25% premium. Fees 254%, Terms to be set June 1.
• •	UTI OTI		\$400	1992	114	100		Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 1,230 year per distance and at 144.55 year per deliar. Fees 24% increased from \$300 million.
7	Takaro S	tandarð	\$ 50	1992	Open	100		Coupon indicated at 135%. Nancollable, Each \$5,000 note with one warrant exercisable into company's shares at an
ī	obu Rail	woy	\$700	1992	open	100 1	04.00	expected 26% premium, Fass 26%, Terns to be set June 3. Coupon indicated at 136%, Noncaliable, Each \$5,000 note with one warrant exercisable into company's shares at an
Ţ	ni		\$ 50	1992		00 9		expected 25% premium. Feet 25%. Terms to be set June 4.
Ta 	er 		\$ 50 	1992	open 1		W	Coupon Indicated at 1992, Nancollable, Each \$5,000 note with one warront exercisable into company's shares at an expected 299% premium. Fees 24%, Terms to be set June 2.
	kyo Rope mufactur		\$ 50	1992 c	ppen 10	00 97	wi	oupon indicated at 25%. Noncallable, Each \$5,000 note ith one warrant exercisable into company's shares at an operated 25% premium, Fees 214%, Terms to be set June 2.
rop	pan Prin	ting	\$300	1992 o	pėn 10	0 100	wil	expon indicated at 14%. Noncollable. Each \$5,000 note th one warrant exercisable into company's shares of an pected 24% premium. Fees 24%, Tarms to be set June 3.
Yolo	ult Honsi	na ·	\$ 80	1992 o _l	pen 100	102	with	upon indicated at 14%. Noncatable. Buch \$5,000 note in one warrant exercisable into company's shares at an occur 24% premium. Fees 24%. Terms to be set June 4.
WA	PRANTS							

Czechoslovak, Hungarian Loans Put East Bloc in Spotlight

By Carl Gewirtz

onal Herald Tribune PARIS — Eastern Europe took center stage in the international ea's third-largest debtor - behind credit market last week with Poland and the Soviet Union -Czechoslovakia setting a new low but the key debt service ratio, at 60. on borrowing charges for an Eastbloc country while Hungary ac-

cepted an increase in its loan costs. Czechoslovakia used its status as an infrequent borrower and the countries. Hungary has made esleast indebted country in the area least indebted country in the area sentially no progress in reducing its to achieve a lower cost of finance debt burden in 1981-86. By the end than even the Soviet Union, which of 1986, debt and debt-related indibankers regard as the most creditworthy of the East-bloc nations.

Bankers grudgingly acknowledged that the terms were fair, albeit aggressive. But they said the reduction in charges was also partly a show of force by the lead man-expected to change unless there is ager, Creditanstalt of Austria, an improvement in its trade comwhich opened a representative of petitiveness. fice in Prague last week.

tion for Economie Cooperation participating banks. and Development estimate tracting deposits with Western an effort to create an aura of scarci banks) at \$3.4 billion.

suring interest and amortization ternational borrowing this year, payments in relation to export but few take that to mean it will be earnings) is the lowest in the area. the country's only borrowing. Industrial obsolescence, slow economic growth and contracting the heavyweights of the world market shares for its exports are Morgan Guaranty (an infrequent major problems that are expected lender to Easter Europe). Deutsche tional borrowing program, but tional Westminster and Longeven with that anticipated pick-up Term Credit Bank of Japan.

Hungary, by contrast, is the aris second only the 67 scored by

A recent OECD report observed that "unlike other East European cators were already near or at their

INTERNATIONAL CREDIT

tolerable limits," a situation not

The terms on its \$400 million Czechoslovakia will pay hi point, loan are designed to reflect this or 121/2 basis points, over the Lon- deterioration in credit standing. Indon interbank offered rate for its terest on the eight-year loan is set at \$200 million, 10-year loan. The % point over Libor, it previously lowest charge for the Soviet Union paid 4 point over Libor. Front-end to date has been % point over Libor fees total a hefty 72 basis points, for eight years. Front-end fees are with 12 basis points paid on the about identical at 35 basis points. underwriting commitment and 60 Data published by the Organiza- paid on the actual amount taken by

The increase in the interes Czechoslovakia's gross debt in con- charge is ostensibly being ascribed vertible currencies last year at \$4.5 to the larger size of the loan, double billion and its net debt (after sub- that of the previous operation. In anks) at \$3.4 billion.

Its debt service ratio of 20 (meathat this will be their principal in-

The banks arranging the loan ar ad to a more active interna- Bank, Arab Banking Corp., Na-

the debt burden is expected to remain modest. A further easing of foreign ex- \$250 million, partly new money change controls in France, lifting and partly refinancing existing the requirement that foreign funds debt at lower terms for a longer be borrowed for at least one year, is expected to open the international The state company will also have market 10 a wider array of compa- what bankers call a "letter of com-

usually able to get an exemption that Lisbon will maintain the infrom the rule. This week, the publishing group Hachette is expected to tap the market for a \$150 million multiop-

tion facility combining features of a domestic loan and an internation-The company will be able to draw the line in francs, dollars or other foreign currencies. In addi-

tion, it may use the line to back the sale of commercial paper, either in francs in the domestic market or in dollars internationally. By creating one credit line to Italian chemical giant is expected stop the sale of commercial paper, manage its treasury needs, the com-

ing the facility.

nies than the state entities that were fort" from the government assuring dustry. A year ago, CNP went into the equivalent of voluntary liquidation and is only now re-emerging 10

tap the markel. EdP, Portugal's electricity utilifrom the borrower urging that they up to ¼ percent. join the loan. It paid 15 basis points over Liber for eight years.

pany gains flexibility in moving 11 is paying an annual facility fee of into whatever market is cheapest 64 basis points and drawing ted to lend funds at 4 point over and thereby lowering its overall charges are set at Libor with utili-borrowing costs. Credit Lyonnais zation fees starting at 5 basis points In the

India's National Aluminum Co. This week should also see the is also expected to raise its \$250 man Brothers and Chase Manhat-Portuguese petrochemical compa-million loan by \$50 million. Inter- tan as dealers to market up to \$350 ny CNP come to the market for est on the 10-year loan is the lowest million of short-dated paper.

yet for a conventional noo-taxsparred deal (about \$21 million of Nalco's operation is targeted as a tax-sparred loan with Belgian banks). Interest on the conventional portion is 4 point over Libor for the first six years and then % point over Libor.

The last Indian transaction carried a 1/4-point margin over Libor for only three years.

News Corp. of Australia is seek-ing \$125 million for live years with ty, last week completed its loan for interest set at 12 point over Libor the equivalent of \$340 million, but for the first two years and % point bankers report that it was not an over Libor thereafter. The commiteasy transaction. A number of ment fee on undrawn sums is % hankers said they had received calls percent and front-end fees range

Peel Holdings of Britain increased its facility to £50 million Montedison's request for \$200 from the £45 million initially indimillion was oversubscribed and the cated. The credit, intended to backto increase the size to \$250 million. bears an annual facility fee of 121/2

In the CP market, Statoil of Norand Chase Manhattan are arrang- and rising to a maximum of 121/2. way appointed Salomon Brothers, Swiss Bank Corp. Shearson Leh-

NOTICE OF REDEMPTION



European Investment Bank US\$ 100,000,000

91/8% 1978-1993 Bonds

NOTICE IS HEREBY GIVEN that, in partial satisfaction of the redemption provisions of the Terms and Conditions of the Bonds, the Issuer has purchased USS 7,999,000 principal amount of Bonds to be redeemed on July 1, 1987. In order to complete the annual sinking fund installment of July 1, 1987, the Fiscal Agent bas selected US\$ 2,001,000 principal amount of Bonds, bearing the following Serial Numbers, for redemption and payment on July 1, 1987 (the "Redemption

E	77.	F		C	-	C	-	C	T -
From	To	From	<u>To</u>	<u>From</u>	<u>To</u>	From	<u>To</u>	From	<u>To</u>
0001	0091	0662	0671	1171	1 t 98	1704	1711	2217	2222
6097	0160	0692	0741	1201	1266	1714	1715	2267	2331
0171	0188	0750	0761	1278	1313	1719	1722	2334	2356
0196	0205	0777	0306	1318	1374	1784	1735	2371	2388
0212	0228	0808	0817	1379	1380	1737	1742	2401	2428
0239	0246	0820	0833	1391	1394	1750	1767	2444	2501
0252	0288	0845	0855		1400	1777			
				1398			1789	2517	2574
0294	0310	0858	0968	1431	1469	1796	1797	2576	2607
0330	0349	0871	0394	1471	1482	1818	1827	2624	2637
0351	0360	0899	0913	1487	1519	1829	1859	2643	2687
0363	0394	0919	0932	1525	1531	1891	1893	2689	2712
0401	0411	0941	0945	1535	1554	1928	1942	2719	2733
0417	0421	0950	0952	1580	1582	1949	1952	2736	2740
0429	0452	0970	0973	1584	1585	1959	1976	2742	2774
0466	0471	0989	1044	1587	1588	1982	2002	2778	2901
0434			1087						
	0496	1075		1624	1643	2014	2045	2814	2891
0501	0505	1093	1155	1646	1653	2057	2069		
0520	0615	1159	1161	1688	1702	2120	2209		

The Redemption Price of 100% of the principal amount of the Bonds to be redeemed will be paid on or after the Redemption Date upon presentation and surrender of the Bonds, together with all coupons maturing after July 1, 1987, at the office of the Fiscal Agent or any of the Paying Agents listed therein. The coupons maturing on the Redemption Date should be submitted for payment in the usual manner. On and after the Redemption Date, interest on the Bonds hereby called for redemption shall cease to accrue.

> European American Bank Fiscal Agent

June 1, 1987

Prices Up on Expectation Of Stability for Dollar

By Michael Quint New York Times Service NEW YORK - Note and bond prices rose modestly Friday as

credit market participants were encouraged hy prospects that stabil-ity in the dollar might continue. Japan's announcement of a major new economic stimulus package with more government spending and lower taxes helped bolster

U.S. CREDIT MARKETS

hopes that the dollar might continue trading at about Friday's rate of dollar. Stronger economic growth 143.75 yen and 1.82 Deutsche in Japan would raise demand for marks,

Fluctuations in the dollar continue to be closely monitored in the bond markets, where traders and investors assume that weakness in the U.S. currency portends lower 2017 - a benchmark issue that sets bond prices. They worry that de-clines in the dollar result in more and mortgage rates—rose about % inflation as prices of imports rise at point and were offered at 101 7/32, the same time as foreign investors to yield about 8.64 percent. are discouraged from buying more

The dollar appears to be in trading range that can be held at least until after the June economic

U.S. Consumer Rates

Money Market Funds Donoshue's 7-Duy Averoge

iome Mariagos, FHLB gyar

Source : New York Times.

May 29 5.63 to

6.05 %

change trader at the First National Bank of Chicago. He said that trading in the foreign exchange market had been quiet the past few days, and the dollar could move up or down this month, depending on results of the meeting of industrialized countries June 8-10 and the U.S. trade data for April to be published June 12 The Japanese fiscal package i

summit," said Thomas Campbell, vice president and foreign ex-

part of the prescription economists say is needed to belp reduce the U.S. trade deficit and stabilize the imported goods, and lessen the reliance of Japanese companies on ex

Late Friday, the closely watched 8% percent Treasury bonds due in

EUROBONDS: The U.S. Currency's Rebound Spreads Cheer in Markets

Credit Suisse First Boston, "is a period of stability for the dollar which removes the immediate risk

0.125 1990

WARRANTS

Frankfurter Bank

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of sharp exchange rate losses." A big uncertainty is what the Japanese do. The Ministry of Finance's request for daily foreign exchange reports has halted currency speculation. But as Western Eutope becomes increasingly hostile to the rising flow of imports from pan there could be a retaliation on the currency market pushing the mark up against the dollar and the yen. It has already risen against the yen, currently at 78.99 yen, up from

77.52 at the end of April While last week's events fueled a rally in the U.S. domestic bond market, cutting yields on long-term bonds to some 40 basis points below their recent peaks, the buying was restricted to the huge, liquid domestic market. That set a better mood in the dollar sector of the Eurobond market, but there was

ford offered \$250 million of three-year notes -a short maturity that investors favor. But the size of he issue was large relative to the light demand and the pricing, while dequate at some 68 basis points ver the yield on comparably dated U.S. Treasury paper, was not com-pelling. The paper ended the week at a discount of 1½ points, just outside the 1% percent commission paid to underwriters.

This was a sterling performance compared with 10-year bonds offered by All Nippon Airways. The paper was priced at some 78 basis points over Treasury yields, not enough to compensate for the long maturity and it ended the week down 3% points - well outside the

2 percent underwriting fees. Coastal Corp., a Texas-based energy company, offered \$50 million of five-year paper priced at 300 basis points over Treasury yields a reflection of its "junk bond" sta-tus. The company's debt is rated double-B, a notch below the cate-

investment grade.

The low rating and the small size tells you that this is a public

However, in light of the tremenfor high coupon bonds — as shown by the continuing demand for Aus-tralian dollar paper — bankers questioned whether the Coastal issue signaled an opening of the dol-lar junk-bond market here. In the nondollar markets,

300 million DM of bonds issued hy the Bank of Greece found favor with the shorter five-year paper better received than the eight-year

Bankers reported very little demand for paper denominated in sold paper they do not have are friendly and control of the sold paper they do not have are friendly and forced to cover their short sales by European currency units or Italian lire. The pound remained out of favor as investors awaited the outcome of the coming election and the possible post-election entry of the pound into the European Mon-

an avalanche of issues from Japanese companies.

Sumitomo, which a week earlier then cut the coupon to a record low

of 14 percent. There were scattered rumblings about greedy pricing as the paper settled down to a price of 99, but bankers said that there were no cancellations of orders.

The star performers of the week were Kyowa Hakko, a high-tech pharmaceutical company whose \$150 million of 1% percent bonds issued at par climbed to 110, and Tobu Railway, whose \$100 million of bonds expected to bear a coupon hu's attraction is its huge land day in a dispatch monitored here.

The expected boom in the bous-

Warrants giving the right to buy \$500 at a fixed exchange rate of 1.82 marks per dollar.

ing industry gave a boost to Daiwa House Industry, which traded at a issued private placement, giving the company the publicity of doing a deal," said one London banker.

House Industry, which traded at a premium of 6½ percent.

Mitsubishi Petrochemical was in

demand, trading at a 5% percent dous appetite from retail investors premium, as was Shinetsu Chemical, with a 5 percent gain.

Not all the issues had such easy sailing. Yamaichi Securities, lead

manager of a \$50-million bond for Asics, a sporting goods maker, bought back in price support oper-ations more bonds than it bad ten-tatively allocated to underwriters. By the end of the week, Yamaichi was refusing to assure underwriters how much paper they would finally receive. This could set the stage for a wicked bear squeeze if banks that buying paper from the lead manag-

Overall, Japanese warrant-bond issues have been the most profitable part of the Eurobond market so far this year. Underwriting fees ctary System. So far this year. Once writing tees
The real action last week was in of 2½ percent are larger than on the equity linked sector, which saw straight bonds and the paper is avalanche of issues from Japa-most often sold at a substantial

Bankers report that the bulk of offered \$300 million of bonds carrying an indicated coupon of 1% hands of Japanese investors. For percent, increased the amount to the past months foreigners have \$400 million as the when-issued been net sellers of Japanese stocks. price sourced to more than 104 and Net sales in April totaled \$1.98 billion, down from the \$2.9 billion recorded in March.

Bankers Trust last week showed what happens to the low-coupon warrant bonds after the stock options have heen detached. It amassed at very substantial dis-

Sweden Grants Vietnam Aid

Agence France-Presse BANGKOK — Sweden is giving Vietnam 600 million kronor (\$95 million) in aid for 1987-89, the of 1% percent, traded at 105. To- Victnam News Agency said Satur-

gory that is considered the lowest holdings available for develop- counts \$159.8 million of Japanese bonds - 89 percent of which were either rated triple-A or guaranteed by a bank — and with a swap repackaged the paper into a \$110 million of five-year floating rate notes bearing interest at 15 basis points over the London interbank offered rate.

With Citicorp and Chase in-creasing their loan-loss provisions and increased concern about developing countries' ability to continue servicing their debt, FRNs of U.S. banks again came under pressure. Traders said that subordinated paper was the worst hit.

This in part is said to explain the popularity of the repackaged Japa-nese bonds into an FRN. The bank guarantees backing the bonds are the equivalent to senior debt of the banks and therefore less risk for

Treasury Bonds

T.O.L.2.D GETTELER	C. QUET	ZMOTTA
	SED	ASK
Bitter Corp.	11/2	1%
Chiron	331/4	331/2
GoodMark Foods	14	141/4
MAG Holdings	3%	3%
NAV-AIR	31/4	3%
Spectrodyne	43%	43%

WITH COMPLIMENTS OF

CONTINENTAL AMERICAN

KfW 1986 - Summing up another very successful year

Promoting the German Economy and Developing Countries

Highlights of KfW's Balance Sheet billion DM 1986 1985

93.6 Balance sheet total 86.0 79.1 Loans granted 67.7 Banking liabilities

Bonds 12.1 3.5 3.3 Capital and reserves

medium-sized enterprises, environmental protection, and the export industry. Development assistance funds appropriated by the Federal Government were increasingly used to finance small-scale projects in Africa. Although the Bank's activities to pro-

KfW's activities in 1986 again focused

economy, with emphasis on small and

on the promotion of the German

mote the economy are performed essentially at the expense of its earnings, KfW's net income again rose considerably to DM 163 million in 1986.

Promoting the **Domestic Economy**

From a lending volume of DM 9.8 billion the majority of DM 6.2 billion went to small and medium-sized enterprises. Loans for environmental protection measures accounted for DM 1.9 billion, loans to facilitate structural adjustment in various sectors for DM 1.7 billion.

In the field of export finance, KfW granted DM 2.5 billion in medium and long-term loans for supplies of ships, aircraft, other capital goods and industrial plant.

Promoting the Economies of the Developing Countries

In its capacity as the German Federal Government's development bank KfW committed DM 2.4 billion in loans the Federal Republic. kfW's long-term debt has been rated "Triple A" by both of the US rating agencies.

and grants for investment projects

and sector-related programmes in

Nearly all of KfW's loans are secured

by Federal or state guarantee, pledge

As a major source of long-term funds

or mortgage or commercial bank

KfW issues highest quality bonds.

notes and Schuldscheine. Last year

bonds and other debt instruments.

KfW's close relationship with the

alone it issued over DM 10.4 billion in

Federal Government makes its credit

standing virtually equivalent to that of

developing countries.

guarantees.

Highest Quality Bonds,

Notes and Schuldscheine

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More Information

A copy of KfW's 1986 Annual Report is available upon request.

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on the dollar, and discuss what ac. We'll write that into the communition, if any, to take,

The countries have already put into effect one feature of the broader concept of policy coordination. They have been setting ranges for currency exchange rates, a partial step back to the system of fixed exchange rates that prevailed from 1944 until the early 1970s.

yen to the dollar was established at a currency, the country usually had a meeting of Mr. Baker and the to make hard adjustments in eco-Japanese minister, Kiichi Miyazawa, last September, and it held for several months. New ranges for the yen and lor the Deutsche mark were set at a seven-country meeting in February. The ranges were reconfirmed in April. and despite periodic turbulence.

those ranges are holding. For all this progress, the most important component of an attempt to coordinate economic policies has yet to be demonstrated; a willingness to alter fiscal policies. governing taxation and spending.

So far, the countries have been willing only to alter monetary policies, mainly interest rates. In the year that the ministers have been working together, the three key countries, the United States, Japan and West Germany, have rebuffed appeals to act on fiscal policies.

Washington wants Bonn and Tokyo to stimulate domestic growth hy cutting taxes and raising domesue spending and investment. This would reduce their reliance on the exports that have contributed to the gaping U.S. trade deficit, and might mute the protectionist chorus in Congress. West Germany and Japan, like the other countries at the table, want the United States to do the opposite - raise taxes and so reduce the budget deficits that they believe cause the trade problem, among others.

A witness to the ministerial meetings, who, like others, spoke on the condition that he not be named, described an example of these conflicts in the meetings.

Japan is slow and inflation under pares materials for the group's ecocontrol, so conditions permit cut-nomic projections. The dollar kept ting taxes or increasing public falling which he said "created an spending or taking other actions to air of euphoria," persuading the foster domestic growth,

"Stoltenberg says, I think the IMF problems as well, is being much too cautious. My forecast is much better and we put cellor of the Exchequer, "does all very high priority on price stability the talking for the British" and and besides we're politically com- takes great interest in editing the mitted to what we have. And the communiques, a participant said. Japanese say, 'We cannot pass our present budget, and I have some minister, Michael Wilson, is an afsympathy for what you are saying fable but infrequent participant, but that's not the mood in Japan while Italy's Giovanni Goria is

and I cannot do anything." among the more loquacious.
"And the IMF says. The United "Even if they do nothing." said ly agree with that! I'm all in favor plications of doing nothing.

(Continued from first linance page) ol reducing the U.S. budget deficit.

The nations believe that nothing would work any better than the system they are trying to develop. Three times — from 1879 until 1914, in the 1920s, and after World War II - countries tried to link management of the world economy to gold prices. If inflation in a A range of 150 to 160 Japanese country rose, lowering the value of nomic policies.

> The gold-based systems collapsed in World War I. during the Depression, and during the inflationary burst of the late 1960s. when countries found such policy changes too onerous to make.

In the periods between the goldbased systems, countries usually allowed their currencies to "float" in the marketplace. Currencies began floating in the early 1970s when the nations rejected the belt-tightening policies required to stop inflation.

Finance ministers from the United States, Japan, West Germany, France and Britain convened periodically then, but they never made communiques. They mostly 'talked, are and drank sherry," said one, Karl Otto Pohl, the West Ger- structure. man central banker, has said that when other countries were concerned about the roaring dollar, the U.S. position was, "It's our curren-

Two years ago, attitudes changed as the dollar's rise began penalizing the U.S. economy and momentum began building for pro-tectionist legislation. These factors persuaded Mr. Baker that the dollar had become a liability.

The Group of Five - without Canada and Italy — began laying the plans that led to the Plaza Hotel agreement on Sept. 22, 1985, saying that that they would work to push down the dollar, which by then had already begun to slide.

"That was an ad hoc step toward The IMF, he said, might argue this process of policy coordination, said an economist who precountries that they could collabo-'So," the witness recounted, rate in dealing with more complex

> Nigel Lawson, Britain's Chan-Witnesses say Canada's tinance among the more lequacious.

States ought to reduce its budget an economist at a central bank. deficit. That's absolutely funda- "the world economy is better off mental. And Baker says. I certain- because they are aware of the imSpot Oil Prices Could Fall After OPEC Meeting

NEW YORK — Plans by OPEC ministers at their Vienna meeting in late June to press for agreed upon output increases while keeping prices tied to an \$18 a barrel benchmark could mean falling spot oil prices later this year, oil industry analysts say.

Recent statements from several OPEC countries, including the group's largest pro-ducer, Saudi Arabia, indicate that the \$18-abarrel benchmark agreed to at OPEC's meeting last December will be left unchanged.

But analysts point out that if the Organization of Petroleum Exporting Countries goes ahead with plans also reached in December to increase oil production later this year, the recent fall from highs of almost \$20 a barrel for spot oil almost surely will continue.

Partly in anticipation of such increased output, the U.S. benchmark crude. West Texas Intermediate, lost 40 cents a barrel last week to fall as low as \$19,25. It closed Friday at \$19.38 for July delivery.

After the December meeting, when delegates crafted a production accord limiting output to 15.8 million barrels a day and mandated a return to fixed prices, oil prices went on an extended five-month rally, gaining more than \$5 a barrel.

But that accord also set provisional ceilings ol 16.6 million barrels a day for the third quarter and 18.3 million barrels a day in the

Analysis emphasize that OPEC's tendency in the past to produce more than the mandated quota loreshadows lower prices.

OPEC says "their quota is 15.8 million barrels per day in the second quarter." said Albert Anton, an oil analyst with Carl H. Pforzheimer & Co., "but that really means they are producing about 16.6 million barrels a day when you count lraqi production" and the Kuwaiti Neutral Zone

"If they follow the December agreement to increase quotas." he said, "it will hike output

to 17 to 17.5 million barrels a day and mar-

kets cannot tolerate that."

Analysis said if OPEC had given up on an olficial price increase and wished to prevent

further erosion in crude prices, then it must turn its attention to curbing production. There is a clear majority within OPEC which does not want the prices raised for the rest of the year." said George Friesen, an analyst with Dean Witter Reynolds Inc.

At the head of the coalition supporting stable prices sits Saudi Arabia, whose King Fahd said last month tht he wanted prices stable for at least two years. Analysts said the Saudi position is not likely to change or be

Sanford Margoshes, an oil industry analyst with Shearson Lehman Brothers Inc. in New York, said he expected OPEC to pusb production toward 17.5 million barrels a day in the third quarter, but without necessarily increase to take up the slack.

SANOFI: Elf Subsidiary Credits Flexible Structure for Unabated Growth

(Continued from first linance page) noteworthy agreements or issued company's extraordinary apiitude for timely and profitable investments is Sanofi's decentralized

> Designed to maintain a careful balance between freedom to maneuver for divisional managers abroad and a cogent policy-setting headquarters in Paris, it is Sanofi's unusually flexible management structure that accounts for the company's rapid expansion and di-

Every sector manager is also a member of the company's general management team. Mr. Dehecq explained. With this system in place, one of our managers who is on the spot in Brazil, for instance, can spot a good investment and seize it on his own initiative. It then becomes his or her problem - he must see that it works."

Ironically, some of Sanifi's competitors view the company's comparatively liberal organization as eing to their advantage.

The director of marketing strategy for Rhône-Poulenc. France's largest pharmaceutical producer and Sanoti's chief domestic rival. said Sanofi's lack of disciplined and tightly regulated international management was its primary weak-

"We have a good deal of respect for Sanofi," he said. "They are a young company that has done much in a short time. But we don't consider them a major threat to our business. They simply are not as well equipped on an international level as many other companies in the industry. They do not dominate any market now and probably won't for some time."

Mr. Sautier agrees, almost. "It has never been our intention

we are the strongest. It won't do to stant-reflex measures" (namely a than the industry average in this turn out second-best products just in order to gain a bigger stake in a field as a whole."

Sanofi's interests in the seed and the year, for an overall increase of 3

grain industry, for example, are fo- percent. cused almost exclusively on refin-

Health research 'is imperative for the future. And if you know what you're doing. it can be profitable as well.

> - Jean-François Dehecq, Sanofi vice president

more aggressive sales campaign). Sanofi was able to post a net profit

seed for use both as a food product the burden of deciding what the and for producing seed oil, in 1985 company should do." Mr. Dehecq Sanofi took control of Dahlgren & said. "It wasn't just the two of us Co., a U.S. sunflower seed produc-

Dahlgren's annual profits there-upon jumped 5 percent to \$22.5 Sanofi, whi million. The acquisition also afforded Sanofi a commanding position in the world market for sun-In addition to accommodating

Sanofi's omnivorous appetite for growth its dynamic managerial ethic - which the otmonthly French business magazine L'Expunsion called the briskly and brilliantly conducted policy of acquisition combined with incredible organization" - has proven itself in times of trouble as well.

In the first half of fiscal 1986, for instance, Sanofi reported a 17 percent drop in consolidated income compared with the previous year. primarily because of the sudden tries. to dominate any market." he said. fall of the dollar. But by intensify-

ing a particular hybrid sunflower management is set up, we all felt

Sanofi, which employs more than 18,000 people in 20 countries. is divided into three principle branches: Health, bio-industries and perfumes/cosmetics, These are further divided into dozens of subsectors, which make products as diverse as a growth bormone for

dwarfs to a test for the AIDS virus.

The AIDS test known as Elavia. was developed jointly by the French company Diagnosties Pasteur, in which Sanofi bolds controlling interest, and a U.S. company. Genetic Systems. It won U.S. Food and Drug Administration approval in 1986 and is now sold in the United States and 60 other coun-

"Rather, we prefer to focus our efforts only on very particular areas within a given market in which what Mr. Sautier referred to as "in oft, which consistently spends more area, budgeted 1.2 billion francs for it in 1986, a 200 million franc inerease over the previous year.

of 495 million frames at the end of "The effort to discover better ways of treating such problems as strokes, cancer and nervous system Because of the way our general disorders is imperative for the fu-ture. Mr. Dehecq said. "And if you know what you're doing, it can be profitable as well."

Matched against the heavy emphasis Sanofi places on attaining relatively short-term objectives and maintaining flexible management. Sanofi's plans for the luture are strikingly general: Increasing international sales, especially in the United States: increasing productivity; and continuing a commitment to research and development, according to Mr. Sautier.

"Some planning for the future is -he motioned toward Mr. Sautier important — it's something every company must do." he said, "but without the ability to adapt quickly and effectively to the present especially in a world economy that now can change overnight - there really is no future to speak of."

In keeping with its efforts to ex-pand outside France, Sanofi, whose shares have been traded on the Paris Bourse since 1979, announced in April the sale of an international stock issue with shares priced at 100 francs each. The shares will be oflered in all countries except the United States and France.

Industry analysts do not view the offering as signaling a move toward denationalization; though Elf Aquitaine, a government-controlled firm, is Sanofi's largest single shareholder, with holdings of about 50 percent, it is expected to main-Integral to Sanofi's strategy for tain its stake at about that level.

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LAST BOOKING FOR BEIJING '87..LAST B

HEAR THE CHINESE GOVERNMENT'S PLANS FOR THE FUTURE

Premier Zhao Ziyang, Vice Premier Li CBS Peng and the State Council of Ministers have given their personal support to the first ever International Marketing Congress to take place in China -Beijing '87. - With over 47 sessions and Colgate-Palmolive more than 100 Internationally renowned speakers and 63 countries represented. Beijing '87 is a truly International event.

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PEKING 16/20 JUNE 1987

LONDON

JITV, Japan

James Fleury

Seoul to Permit Sales of Foreign Cars

SEOUL — As part of a program to ease trade tensions, South Korea has agreed to permit sales of imnorted cars on its domestic market for the first time since the 1960s, according to the Ministry of Trade

The ministry announced Saturday a trade liberalization program to ease import restrictions on 170 items beginning July 1. The items include foreign cars with engines of 1 000cc or smaller, and cars with

engines of 2,000cc or larger. South Korea has allowed the sale of foreign-made buses and trucks since 1984, but general sales of foreign cars have been severely limited since the early 1960s, when the South Koreans began making cars.

A ministry official, Roh Moon Of, said all the items would be subject to tariffs, but he did not say how large the tariffs would be. Other products on the liberaliza-

Galisco a Galisc

some steel products and textiles.

Seoul had been asked by Washington to liberalize trade in 46 of the 170 items in an effort to lessen friction between the two nations. South Korea is the sixth largest U.S. trading partner. About 40 per-

cent of its exports go to the United The ministry said nine of the items mentioned by the United States were being liberalized ahead

In another move, however, the ministry said the previously announced liberalization of three anthracite coal products had been reversed to protect the South Korean

domestic coal industry. lion last year. The United States products.

tion list included engine parts, canned meats, electronic items, some steel products and textiles. Some U.S. officials have said South Korea's trade surplus with the United States could grow to as much as \$10 billion this year. But South Korean officials say they are

trying to keep the surplus at the same level as in 1986. As the U.S. trade deficit continues to chimb, Congress has threatened protectionist measures against Japan, South Korea and

other U.S. trading partners.
In response, Seoul has announced such measures as a plan to buy \$2.62 billion worth of U.S. products, including capital goods, raw materials, farm products and a

Less than two months before that announcement was made in late April, a South Korean buying South Korea's trade surplus with mission to the United States went the United States reached \$7.4 billion with \$2 billion worth of

Den Norske Bank Calls Halt To Spree of Lending at 16%

OSLO — Norway's biggest bank, Den norske Creditbank, has announced that it will stop lending at present rates, because it has far

exceeded its loan estimate for this year. The move is likely to push Norwegian interest rates above 16 percent, already among the highest in the industrialized world. "This will apply to all new ordinary loans from Monday," the bank's deputy managing director, Axel Dammann, said Friday. "But we will relend redeemed loans and we can lend at higher rates, or

through foreign exchange." Mr. Dammann said the move was necessary because the bank was obliged to deposit large sums with Norway's central bank as reserves

"That is a heavy burden for us," be said. "It's common banking sense. If you are lending more than you have on deposit, you have to

He said the bank had lent one-and-a-half to two times more than the 10 billion kroner (\$1.5 billion) it had estimated for loans in 1987.

Mr. Dammann said he did not know bow long the measures would last. "It's a question of market conditions," he said. "For now we just need budgetary discipline."

BRAZIL: Nostalgia for an Inflation Rate of 220% (Continued from first finance page) shouldn't ordinary citizens do ex-

means that a company's expenses and cash outlays rise far more agement has suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital agement has been decreased as a suddenly become vital age

pared with just 6 percent a year nancial director is now more imago. Those dealing directly with individuals are formed with a second control of the portant than your production manifold individuals are formed with a second control of the portant than your production manifold in the portant more than 30 days in arrears, comindividuals are faring still worse. ager."
The number of bounced checks in April was 37 percent higher than a the "financial ring around-a-rosy year earlier. And at American Ex- has returned. With 30 days now press. 55 percent of local card hold-seen as a long-term commitment, ers were 30 days or more behind in both individuals and companies

in February to suspend interest resources.

quickly than its income from sales. to the survival of many companies. clude "overnight" deposits, three-, Not surprisingly, financial institutions have reported that 30 percent of their credits are already myou are, you'll go bust," the more than 30 days in arreast. business consultant said. "Your fi-ments and ordinary savings ac-

Thus, what is known in Brazil as must be agile in moving their liquid inevitable," one opposition congressman, Guilherme Afif Dominother band, must advertise and gos, said, recalling Brazil's decision compete intensely to attract these

profitable investments have been in two-year and five-year Treasury counts that pay 6 percent annually

above inflation. With so many companies in trouble, investment in stocks is not attractive, and gold is viewed as a

good bedge against inflation. What is clear is that no one is making new investments in plant and equipment. "The only game in "The increase in bad debts is cash between different instruments town is speculation," said an investment consultant. "It's a vicious game that is destroying business. Even if companies have cash in hand, they bold off paying their payments on most of its \$108 bil- In recent weeks, because the gov- debts so they can play the money

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Sales in Nei 100s High Low Close Chise

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TITLE MIS DIRECTOR CORPORATE CONSEIL

SALARY P.A. TO MANAGING **Attractive** DIRECTOR

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero,
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lion foreign debt. "If the president ernment's own buge borrowing has market an extra day or two, hoping declares a moratorium, why pushed up interest rates, the most to turn a bage profit." Soles In Net 100s Nigh Lów Clase Ch'so

INTERNATIONAL POSITIONS

last Thursday under the rubric International Positions. \$32,689 to \$44,646 Virginio Port Authority. Simon Marketing Int'l GmbH.

ACROSS

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66 Comic Johnson

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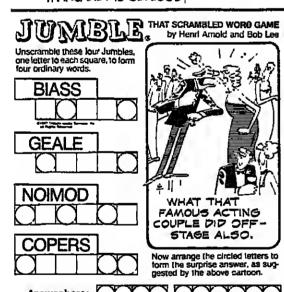
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- kangaroo 59 Hindu incantations 60 Opposite of

16 Sheath of a New York Times, edited by Eugene Maleska.

DENNIS THE MENACE



* I DON'T MIND PLAYING HOUSE, BUT MARGARET IS SERIOUS!"



Jumbles. YODEL CAPON ZEALOT JUMPER Answer: That reckless chauffeur must have had a license to drive — — PEOPLE CRAZY

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SPORTS

SPORTS BRIEFS

Senna Easy Winner of Monaco Grand Prix

MONTE CARLO (AP) — Brazilian Ayrton Senna easily won Sunday's Monaco
Grand Prix as Frenchman Alain Prist failed in a hid for a record 28th Formula One
victory. Prost drupped out with only two long left after rupping third. victory. Prost dropped out with only two laps left after running third for most of the

Senna capitalized on the engine problems of Briton Nigel Mansell, who started from the pole position and led for 30 laps before suffering a broken turbo.

Another Brazilian, Nelson Piquet, finished second, 33,212 seconds behind Senna, about their aches and pains Satur-

with Michele Alboreto of Italy third. Proof, who was seeking to better the record of 27 victories he shares with Jackie Stewart of Britain, dropped out with engine trouble on the 76th lap. He never ketball Association's Eastern Conchallenged for the lead and was more than 50 seconds behind Senna when he pulled ference championship.

Hoch Leader by 4 Strokes in Memorial Golf the league championship series,

DUBLIN. Ohio (API — Scott Hoch had a four-shot lead Sunday after the completion of the rain-delayed third round of the Memorial golf tournament. Hoch's 67 gave him a 54-hole total of 198, a tournament-record 18 under par. Hoch. Celtics' seventh-gam who set the 3o-hole mark at 131 in Friday's second round, broke the 54-hole record of 203 set last year by Hal Sutton.

Third-round play at Muirfield Village Golf Club had been suspended Saturday by thunderstorms. Only 18 players had completed play when the rain came, and the other 59 marked their positions and returned early Sunday to complete the third

round. The final 18 was scheduled for later Sunday.

Don Pooley had a string of five consecutive birdies en route to a 65 that moved him into second place at 202 early Sunday. Curt Byrum, who had equaled the successive league championships tournament record with a first-round 64, was the only other player within six since the Celties of 1969. The Lakers strokes of Hoch; Byrum was at 204 after a 69.

Solution to Friday's Puzzle GLOBETROTTER ORBITALVELOCITY

GET THIS

STRAIGHT.

PEANUTS

HELP 54

BLONDIE

BEETLE BAILEY

MAKES YOU THINK

YOU CAN LOAF

LIKE THAT?!

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REX MORGAN

GARFIELD

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YOU WANT TO

BE WHEN YOU

GROW UP?

Quotable

YOU WERE HANGING

TREE, AND YOU SAW THE

UPSIDE DOWN FROM A

TREE EAT YOUR KITE ...

tros, on the barrage of major-league was back at center for the Celtics. That allowed Kevin McHale, who in ozone layers, we've lost some of the had started at center in Parish's

Thomas, on fans in Milwaukee: "They scored 105 points in the previous know when to cheer and they know when to boo. And they know when to listan Thomas.

drink beer — all the time."

(AP)

That left Larry Bird on Joe Du-

Pirates, on the low attendance at Three series of matchup problems for the Rivers Stadium: "Sometimes you walk Celtics. Dumars, 6-font-3 (1.90 meout onto the field and you wonder if ters), was too quick for Bird, who is they've opened the gates."

IT WAS A

KITE-EATING TREE

WHAT'S

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I HAVE

C.B.F.H.

TOLLBOOTH

ATTENDANT

"COOKIE

BOX FROM

MYOWN

HIGHWAY

MUST BE MONDAY

TOM DAVES

HOME"

Celtics Get Past Pistons for Eastern Crown

BOSTON - Boston Garden

NBA PLAYOFFS

day and beat the Detroit Pistons, 117-114, to win the National Bas-

The defending champion Celucs will face the Los Angeles Lakers in which begins Tuesday night in In-

Saturday's result brought the Celtics' seventh-game playoff re-cord to 16-3 — all but three of the victories coming at Boston Garden, where they have a 93-3 record since losing to the Los Angeles Lakers in the sixth game of the 1985 final.

Boston is now one series away from becoming the first team to win won both games against Boston in the 1986-87 regular season.

Robert Parish, who drew a \$7,500 fine and one-game suspension in • Phil Garner of the Houston As- Game 6 for punching Bill Laimbeer, ionized particles, so there's nothing to place, to go back to power forward hold those balls back."

(LAT) against Rick Mahorn. The other Former Brewer outfielder Gorman
 matchups had Dennis Johnson on Detroit's Adrian Dantley (who had four games) and Danny Ainge on

• R.J. Reynolds of the Pittsburgh mars, and it created the latest in a (LAT) 6-fooi-9 (2.05 meters). Dumars had

I'D BETTER TAKE NOTES ..

MAKE ME FAMOUS!

KWENT OHZ

THIS CASE COULD

9 points in the first quarter and 21 31-24, one of their two 7-point leads hy halfume.

of the quarter. The rally began with The Pistons got off slowly, and an 18-footer by Thomas, and when trailed by 10-3 with 8:36 remaining it ended with a Dantley lay-up the in the first period. But they came Pistons had missed only 3 of 18 roaring back and by period's end led shots to outscore Boston, 28-14.

Detroit, which shot 59 percent for the half, held only a 56-55 advantage at intermission. The Celtics were led by Bird, who scored 9 points in the first quarter and 19 in the half.

The Detroit offense stalled at the start of the second quarter, and Bird hit a seven-foot turnaround jumper with four Pistons hanging all over him to cut the deficit margin to three points. Although the Pistons led by seven with 8:23 left in the half, Bird and McHale, who scored 10 points. in the second quarter, got Boston back into the game.

After trailing by as many as scy en points, the Pistons rallied again to take an 80-79 lead after timee periods. With eight seconds to go in the quarter, Dantley collided headon with teammate Vinnie Johnson while diving for a loose ball and suffered a concussion. Dantley who had 18 points, 10 in third period -was removed on a stretcher to Massachusetts General Hospital. Johnson went to the bench with an ice pack on his head.

Before Dantley's injury there was another auxious moment. Parish. who had been unable to finish the who had been unable to this the three games of the series, each time reinjuring his sprained left ankle, began to limp again. With 2:14 left in the third period and the Celtics ahead 79-74, he was replaced by Bill Walton — who had missed the entire series with a boken bone in his foot. But Parish returned for the final period with a retarned ankle. final period with a retaped ankle.

Even without Dantley and John-son, the Pistons clawed their way into the game's final minutes - only to have the ball bounce Boston's way five times on one sequence with the score tied at 99. The half finally was tapped to Ainge, who buried a 3-point shot, and the Celnics were never tied again.



turday's second period, Larry Bird passed deftly out of trouble.

WORLD STOCKS IN REVIEW / Via Agence France Press

Amsterdam

Trading was sluggish on the Amsterdam stock exchange last week, as investors were reluctant to take a stand.

Turnover, in four sessions during a week shortened by a holiday, came to 3.366 billion guilders, against 4.951 billion, while the ANP-CBS general index finished at 287, compared with 286.8 on May 22. The undertone remained firm.

The index on Monday fell 0.2 points from Friday's close, although internationals held their ground mainly because of slight gains posted by the dollar. Tuesday was another slow day, with the market overcoming early losses in

Despite gains on Wall Street and the continued recovery of the dollar, the market lost ground on Wednesday, while Friday's trading - after Thursday's holiday - featured no pronounced movement.

Frankfurt

against 12.569 billion at the end of the previous week. The market was closed Thursday. In the automobile section, BMW gained 36

1,009.80, and Volkswagen 15 DM to end the Commerzbank was the exception among banks, declining 1.5 DM.

Hong Kong

A favorable government report on the Hong

The market barometer closed at record highs

London

Sentiment remained nervous last week on the London exchange with many investors preferring the sidelines until results of the British general election on June 11 are known. Shares made a dull start after holidays Mon-

day in both Britain and the United States and were unsettled by opinion polls indicating a narrowing of the Conservatives' lead over op-

position parties.

But values later regained ground, boosted by a more favorable showing for the Conservatives in the polls, better-than-expected trade figures for April and a firmer tone to the The Financial Times industrial share index

closed up 25.4 points on the week at 1,712.1 after its biggest one-day rise oo Friday.

Milan

The Comit Index fell again last week in slack trading, sliding below 700 to close out at 694.92 points, down 9.82 for the week. After an ebullient 1986, Milan stock prices

have declined a total of 4.30 percent since the start of the year. A key factor, analysts say, has been uncertainty about political stability. Last week's fall coincided with two items of

good news. Fiat announced a 64 percent rise in consolidated profits, and an internal squabble between the president of Montedison, Mario Schimberni, and the group's chief shareholder, Ferruzzi, was reported to have been solved. All the leading blue chips lost ground. Mon-

tedison was down 2.18 percent and its subsidiary META fell 3.05 percent, while Olivetti lost 2.8 percent and Fiat, despite its spectacular results, was down 1.81 percent.

Paris

The Paris Bourse, fueled by a stronger dollar, staged a pronounced recovery last week. with the CAC index gaining 3 percent.

The index, in four days of trading, rose from 421.4 on May 22 to 431.8. The exchange was closed on Thursday.

The dollar was fixed Friday in Paris at 6.0735. Gains by dollar boosted the franc

against the Deutsche mark and helped bring Prices advanced 1.4 percent on Monday and another 1 percent on Tuesday as foreign investors, who had been major sellers in previous weeks, named their attention to bine chip is-

such as Pengeot and Themson CSF.

The trend remained positive on Wednesday when the index rose 0.6 percent, but turned weaker on Friday, declaring 0.25 percent.

Singapore

The holiday-shortened speck saw shares on the Singapore stock marker maintain their up-ward momentum.

Continued buying support took the Strains Times industrial index to an all time high of 1,220.17 points, with identical gains of 6.47 points on Wednesday and Thursday. Is was

iargely aided by a government statement that the economy was likely to register annual growth of about 8 percent from 1988. (2)

The larger part of activity was confined to a handful of speculative counters, and volume averaged 48 million units a day. All sectors of

the market, with the exception of loan stocks,

limelight on Thursday and posted an impressive 11-cents gain to 1.92, while UIC closed 12

In the industrial sector, ACMA look the

registered more gains than losses.

cents higher at 4.40.

from the previous week.

omy also contributed to the rally.

Tokyo

response to a strong opening on Wall Street.

A stronger dollar boosted prices on the Frankfurt stock exchange by around 2 percent last week. Led by banks, automobile companies and capital goods issues, the Commerzbank index advanced 29.1 points to 1,759.6.
Volume of transactions in four days of trad-

ing came to 14.677 billion Dentsche marks.

Kong economy boosted sentiment in the market last week, propelling the Hang Seng index to two successive record highs before profittaking set in.

of 2,942.92 points Wednesday and 2,950.81 Thursday before falling back to 2,919.70 Friday, for a weekly gain of 22.08 points. The broader-based Hong Kong index ended the week 13.46 points up at 1,883.09.

Average daily turnover rose to 1.02 billion Hong Kong dollars from 924.6 million dollars the previous week.

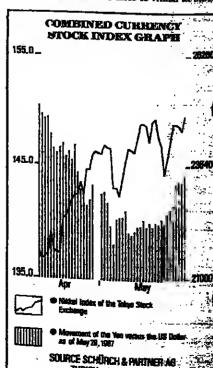
Zurich

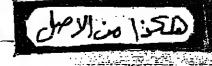
The Zurich stock exchange in line with those in Paris and Frankfurt, last week emerged from a prolonged slump. The Credit Suisse index on Friday stood at 520.4, up from 516.6 seven days earlier.

Stock market analysts attributed the turn around to an improved dollar and said that it the U.S. currency remains healthy this week the trend should be maintained. But the recovery was not evident in the

banking and finance section. Oerlikon-Bürhle nominal shares lost 10 francs to finish at 270 while Zurich nominals fell 309 to 3,241. In the chemical section, Ciba-Geigy bearer

shares advanced 115 francs to reach 3,165 while among banks UBS rose 160 to 4,610 and Credit Suisse rose 70 francs to finish at 3,410.





Share prices surged ahead on the Tokyo Stock Average closing Saturday at a recond-24,901.59 year, for a weekly gain of 744.88. The Nikker's previous record was 24,729.03 year, set on May 15...
But the composite index of all common

SCORE

By Lewis 11

stocks listed on the market's first section failed to break the previous record of 2,193.75 set on May 11. It closed at 2,146.26 yen, up 47.18 A firm start Monday ceded to a bearish mood in midweek, but the market bounced back on Friday, reflecting the surge on Wall Street. The new nomic package amounting to 6 trillion yen (\$42 billion) announced by the Japanese government Friday to spur the econ-

Domestic-related issues such as construction and housing as well as export-oriented issues. such as Hitachi, Sony, NEC and Toyata, and large capital stocks, were actively bought.

Yankees Down A's, 9-5, as John Wins 3rd Straight

NEW YORK - Willie Randolph and Henry Cotto drove in three runs apiece Sunday to help Tommy John win his third straight ed 51/2 innings, allowing six carned start and lead the New York Yankees to a 9-5 victory over the Oakland Athletics.

The Athletics' loss broke the team's four-game winning streak. John, 5-1, went six-plus innings, allowing two runs on five hits. The veteran left-hander walked one and struck out none in gaining his 269th career victory to move into 26th

place on the all-time win list ahead

Friend

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T- 12/23

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Baltimore's Jim Palmer. A's rookie firs: baseman Mark McGwire belted two solo homers. McGwire's third two-homer performance of the season gave him 15 homers for May. He also has an American Leagne-leading 19 homers, leaving him one shy of the major-league record for homers over the opening two months of a season held by Mickey Mantle.

The game drew 55,034, the largeseven. Juan Nieves, 4-2, went 81/3

est nonopening day figure in the major leagues this season. SUNDAY BASEBALL Dennis Eckersley, 3-4, making his second start as an Athletic, last-

innings, allowed six hits, struck out five and walked five to get the vic-

Randolph's two-run homer Twins 9, Tigers 5: In Detroit, errors by second baseman Tom capped a four-run second inning for New York. With the score tied Brookens and third baseman Dar-1-1, Dave Winfield led off with a rell Evans permitted two runs to single and Mike Pagharulo folscore in a three-run eighth inning lowed with a double, sending Winthat sparked Minnesota over the field to third. Eckersley hit Joel Tigers in the first game of a double-Skinner with a pitch to load the header. Detroit had a five-game winning streak and nine-game Bobby Meacham hit into a force home winning streak snapped.

at second, scoring Winfield with the go-ahead run. Cotto bounced Mariners 8, Orioles 5: In Baltimore, John Moses had four hits out to short, allowing Pagharulo to score. Randolph followed with his and Jim Presley homered to lead Seattle over the Orioles. Rookie homer to center field to make it 5-1. Lee Guetterman, making his first Brewers 7, Indians 1: In Clevestart of the season, ran his record to land, home runs by Dale Sveum, Robin Yount and Greg Brock powered Milwankee over the Indians. The victory was only the Brewers' fourth in the last 22 games. Cleveland has lost six of its last

for the Mariners, who completed a three-game sweep of the Orioles.

Blue Jays 7, Angels 2: In Toron-to, George Bell homered for the Blue Jays and drove in three runs to back John Cerutti's four-hiner, sending California to its ninth straight loss. Toronto put the game run outburst. The Angels, the defending American League West within two losses of tying its record for most consecutive losses set in 1974. Bell had 11 homers and 31

Toronto records for a month. appearances, then added a pair of over the Cardinals. Houston starter singles. He also stole two bases. Jim Deshaises, 4-2, pitched 5½ inover the Cardinals. Houston starter exander after nine innings.

runs batted in during May, both

Phil Bradley drove in three runs mings and needed the help of five and Presley, who hit his third relievers to earn the victory. Dave homer in two games, drove in two Smith went two innings for his eighth save. St. Louis starter Greg Mathews, 2-4, lasted 5 2-3 innings in making his first start since being recalled Saturday from the Cardinals' Triple-A affiliate, Louisville of the American Association.

Reds 5, Pirates 2: In Pittsburgh, Dave Parker hit his 12th home run away in the fifth inning with a five- of the season to snap a 2-2 tie and Ted Power scattered seven hits over eight innings to lead Cincinnati champion, have won just twice in over the Pirates, extending Pittstheir last 14 games. The team is burgh's losing streak to six games. The Reds swept the three-game series and have won five of their last six games and nine straight at Three Rivers Stadium.

Braves 2, Cubs 1: In Atlanta. 2-0 since being called up from Calgary on May 21. Moses, who has hit in five straight games and has 10 Garner delivered a two-run double to push the Braves past Chicago. The victory went to Gene Garber, in his last 22 at-bats, had a complete a four-run sixth inning to push the Braves past Chicago. The victory went to Gene Garber, 7-3, who replaced starter Doyle Altriple and a double in his first two that propelled the Houston Astros 7-3, who replaced starter Doyle Al-



PITTSBURGH - Eric Davis hit his 19th home run of the season, a grand slam in the third inning, and Bill Gullickson pitched a six-hitter over eight innings here Saturday night to help Cincinnati beat Pitts-

burgh, 6-2. The 19 homers for Davis are a National League record for the plete game and first shutout of the months of April and May, hreaking the mark of 18 shared by Fred two runs to lift Philadelphia. The Williams of the 1923 Phillies, Willie shutout was preserved by left field—White Sox 3, Red Sox 2; In Chi-Mays of the 1964 Giants and Tony Perez of the 1970 Reds. The majorleague record of 20 was set by Mickey Mantle of the 1956 Yan-

Davis has four career grand slams and three in May, setting a league record and tying the major league mark for most in a month (shared by Detroit's Rudy York in 1938. Detroit's Jim Northrup in 1968 and Larry Parrish of Texas in

"It was a pitcher's pitch. I just went down and got it," said Davis of his home run. "Records are just something that comes with the game. I don't set goals. I don't put pressure on myself by saying I want to try to break records."

Davis is hitting .355 with 52 runs batted in. Manager Pete Rose doesn't know whether he can keep up current pace, but he can hope.
"If he does, I'll be the first to congratulate him when he hits his 80th home run," Rose said. The Pirates are suffering their

SATURDAY BASEBALL

run double to cap a three-run thirdthird straight victory.

two runs to lift Philadelphia. The shutout was preserved by left fielders Mike Easler and Greg Gross.

Easler leaped above the fence to Jerry Royster from first with two ning made a circus catch on the

homer and drove home five runs to land. pace Montreal. The loss extended Mariners 12, Orioles 0: In Balti-the Giants' losing streak to five more, Mike Morgan scattered sevstruck out 12 in seven innings.

pounded out a season-best 19 hits. Mets 3, Padres 0: In San Diego, Sid Fernandez scattered five hits in

his first shutout of the year to lead tory. The Padres have in a row, their longest skid since 1984. Brewers 6, Indians 5: In the

Cooper from second base with one

losing streak for Milwaukee, which had started the season 13-0. Blue Javs 4. Angels 3: In Toron-

that carried the Cardinals to their to, reliever Gary Lucas walked Rob Ducey with two out and the hases Phillies 3, Dodgers 0: In Los An- loaded in the 10th to lose the game geles, Kevin Gross struck out three for California. Toronto starter Jimand walked one for his second com- my Key took a no-hitter and shut-

snare Mike Marshall's home run out in 10th to give the White Sox bid in the sixth; Gross replaced their first three-game home win-Easler in the eighth, and that in-ning streak of the season.

Athletics 4, Yankees 3: In New warning track of a Marshall drive. York, Tony Phillips hit a two-run Expos 6, Giants 4: In San Fran-double to complete a three-run cisco, Tim Wallach hit a three-run sixth-inning rally that lifted Oak-

games overall and eight straight at en hits in his second career shutout home. Winner Floyd Youmans and Jim Presley slugged two home runs to power Seattle, Dave Valle Cubs 11. Braves 6: In Atlanta, and Presley tagged back-to-hack Shawon Dunston went 4-for-5 with homers off Eric Bell in the fourth to three RBIs and Jody Davis and give Morgan a 2-0 lead. Morgan Ryne Sandberg homered to help notched his second career shutout Chicago past the Braves. The Cubs and the first for Seattle this season.

Royals 12, Rangers 7: In Kansas City, Missouri, Bret Saberhagen became the first nine-game winner in the majors this season and Thad New York to its fifth straight vic- Bosley and Kevin Seitzer each drove in three runs as the Royals downed Texas. Saberhagen, who barely lasted the minimum of five longest losing streak of the year. American League, in Cleveland, innings needed to earn the victory.

Cardinals 3, Astros 2: In St. BJ. Surholf singled home Cecil gave up seven runs. gave up seven runs.



Tyson Flattens Thomas to Retain Heavyweight Titles

Pinklon Thomas struggled to regain his feet after being decked by Mike Tyson in the sixth round of their bout Saturday night in Las Vegas as his trainer, Angelo Dundee, right, leapt into the ring to stop the fight. Tyson, at 20 the youngest heavyweight champion ever, knocked out Thomas, 29. with a right uppercut and a left hook. Tyson improved his record to 30-0 with 27 KOs and kept his World Boxing Council and World Boxing Association crowns; he will try to unify the three heavyweight titles Aug. 1 against Tony Tucker, the International Boxing Federation champion.

Evert, Navratilova, Graf in Quarters; Mecir Wins, Novacek Surpises Jaite

The Associated Press PARIS — Defending champion Chris Evert moved into the quarterfinals of the French Open tennis tournament Sunday with a 6-3, 6-1 victory over Katerina Maleeva. She was joined by longtime rival and No I seed Martina Navratilova. who crushed No. 15 Svlvia Hanika

of West Germany, 6-0, 6-2, in 55 On Saturday, West German teen-agers Boris Becker and Steffi

FRENCH OPEN TENNIS

Graf, the No. 2 seeds, survived mild scares in advancing to the fourth round, along with Jimmy Connors, at 34 the oldest player remaining in the men's draw.

Becker, twice a Wimhledon champion hut without a title on clay, mixed powerful winners with impatient errors en route to a 6-1. 3-6, 6-2, 6-1 victory over Henrik Sundstrom of Sweden. After losing only five games in her previous three matches, Graf had to fight to oust Canadian Helen Kelesi, 7-6, 6-

Connors played superbly against 17-year-old Franco Davin of Argentina, the youngest player in the field, and won by 6-3, 6-1, 6-2. "That was a different match for me, against someone so young who

moves so well," said the eighthseeded American. Unseeded Karel Nova Czechoslovakia produced an upset Sunday hy downing 14th-seeded Argentine Martin Jaite, to become the first man into the last eight. His next opponent will be No. 5 Miloslay Mecir of Czechoslovakia, who blitzed Frenchman Patrice

a tie breaker. But he did not allow the lost opportunity to worry him and wound up beating Jaite, 7-6, 6-4, 6-7, 6-3. "It was a hard time in the third set," said Novocek, who stretching back six months. bad never moved beyond the third round of a grand-slam tournament.

Jaite had reached at least the quarterfinals of the last five tournaments he played before Paris and

In a men's fourth-rounder, Joa- rors all over the court. Advancing kim Nystrom of Sweden led top- to a quarterfinals meeting with the darkness halted play.

Evert, hidding to win this grandslam event for the eighth time and third year in a row, did not let a steady midmatch drizzle disturh her concentration as she overpowered the 12th-seeded Bulgarian.

"I still think Steffi is favorite," said the No. 3 seed. "I'm playing well, hut you have to look at what a turn, and Gomez railied from two player has done for three to six sets down to win, 5-7, 1-6, 7-6, 7-5, months prior to the tournament. rather than the day before." Graf

seeded Ivan Lendl of Czechoslova-kia, 6-2, 1-6, 7-5, 0-4, when Nathalie Tauziat of France, 6-1, 3-6, 6-0, in an error-filled match. In a three-hour, 52-minute bat-

tle, an inconsistent Andres Gomez. the No.10 seed from Ecuador. barely escaped against Emilio Sanchez. The unseeded Spaniard fluffed a match point in the third set when he hit a wild service re-

Elsewhere Saturday, Jimmy Arias, the only other American left in the men's draw, outlasted Jorge Arrese of Spain, 4-6, 7-6, 6-2, 4-6, 6-2; Arias next plays Becker, whom he beat in the second round of last month's Monte Carlo Open.

"I think I have a chance," said the unseeded Arias, who reached the quarterfinals here three years ago. "He doesn't lose twice in a row to too many people, but he hasn't beeo playing too well on clay this

Progressing to the women's quarterfinals were No. 7 Gabriela Sabatini of Argentina and No. 6 Manuela Maleeva of Bulgaria, Sabatini, who this year has twice beaten women's Navratilova, ended the run of South African Karen Schimper, 6-4, 6-1. Maleeva downed American Stephanie Rehe,

Arantxa Sanchez, at 15 the youngest player in the women's draw, reached the last eight by downing Carina Karlsson of Sweden 6-1, 6 4. She is the first Spanish woman since 1931 to make the quarterfinals.

Advancing with Becker and Connors as the men finished their third round were No. 4 Mats Wilander of Sweden, No. 6 Yannick Noah of France, No. 11 Kent Carlsson of Sweden and nonseeds Ricki Osterthun of West Germany and Tarik Benhahiles of France.

player in the world on current form, beat American Aaron Krickstein for the second successive year. Wilander, a winner at Monte Carlo and Rome in the last month, stumhled in the middle hut otherwise tournament this year, had little to dominated as he won 6-1, 6-7, 6-0, worry about as Hanika sprayed er- 6-2 his 14th victory in a row.

Phillie left fielder Mike Easler, leaping to snare Mike Mar- Cartinels 3. Astros 2: In St. shall's home run bid and help preserve Kevin Gross's shutout. Louis, Terry Pendleton lined a two-

Baseball

SCOREBOARD

Major League Line Scores Atlanta Suidiffia, Smith and Dovis; Point and Dovis; Point

Cleverand, Snyder (10), Cashino VI., Collins VI., Cashino
lew York, Kiltle (3).

Tennis

Burke (5). HR3—Montreal, Raines (4). Sen Francisco, Williams (3). SATURDAY'S RESULTS AMERICAN LEAGUE

130 011 020-6 10 0 Boston 116 e11 025-6 18 0 Chicago 420 200 457-6 10 2 Shanley, Sambito (Si and Sullivan; Bonnis-ter, Winn (4), Seprese (8), James (8) and Hossey, Kartavice (5), W-Winn 2-1, L-Shanley, 2-7, Sv-James (7), HRs-Chicago.

Stuniey, 2-7. Sv-Jomes (7). HRs-Chicopo. Guillen (1), Horiston (1), Boston (5). Boston, Bogos (9). August (2) Guillen (1), Hohrston (1), Boston (3), Souther Bosts (7), Burks (5). Seattle 118 119 309—7 12 0 Bottimore 900 129 809—3 7 8 Langaton and Kearney: Betterd, Schmidt (5), McGregor (7), Williamson (7) and Kanne-dy, W.—Langston, 6-4, L.—Battland, 2-1, HRs— Jeattle, Quinopas (6), Kingery (3). Bottimore,

Cleveland 804 100 805 9-5 9 1 Barker, Crim (4), C'ear (8(, Plesse (10) and Surhoff; Candiotti, Huismann (81, Bailes (10)

nia, Downing (131, DeCinces (4),
Boston 688 289 690 6-2 6 8
Chicago 190 no es 686 13 7 0
Hurst, Schiraidi (91, Sombite (81, Gardner (10) and Karkovics, W—james, 2-2, L—Gardner, 0-2, HR—Chicago, Royster (2),
(Minnesota of Dotroit, sed. rata)

Smith, Acker (6), O'Neol (8) and Benedict. W—Mackhox 4-4, L—Smith, 5-3, Sv—Noies (2). W.-Mockey, 44, L.-Smith, 5-3, 3v.-Noies (2f. New York Sen Dieso 98 90 80 80 80 80 Perroandezond Carter: Shew, McCulters (5) and Sontioga, W.-Perroandez, 6-2, L.-Show, 1-

7. HR-New York Strawberry (45). St. Louis

Schools Smith (8) and Ashby Cox. Perry

(7). Tunnell (7). Horlon (8), Warrell (9) and
Loke. W—Cox. 5-2. L—Knepper, 2-5. Sy—Worrell (11(. Cincinpati 27 21 342 1 26 24 550 3 21 24 487 3½ 23 25 479 6 11 37 229 17

Third Round
Andres Gomes, Spoke, def, Jay Berper, U.S.,
5-7, 4-1, 4-6, 6-3, 6-4 rik Sungstrom, Sweden, 64, 3-6, 6-2, 6-1.

vin, Argo 46, 7-6 (9-4), 6-2, 4-6, 6-2

Texas

Kansas City

800 129 811 1-4 11 0 804 180 808 8-5 9 1

K. Gross and Doutton: Hershiser, Howell (B) and Sciescia, W.-K. Gross, 3-4. L.-Her-shiser. 4-4.

Cincinsoft
910 800 916—2 7 1
Guilickson, Franco (5) and Diez Tavier,
H. Peno (4), Walk (6). Smiley (6) and LeVelilere. W-Guilickson, 7-2, 1—Taylor, (-2,
HRs—Cincinsoft, Davis (19).

tis sne 100 sne-5 13 2 French Open sne 116 16 16 17 2 French Open sne 116 16 17 2 MEN sheet, Dedmon (8), Gorber [(0) Men Third Re and Virgil, W.-Garber, 6-3, L.-Lynch, (-4, -HRs-Chicogo, Davis (?). Attenda, Griffey (6),

Oakland 900 143 900—4 16 1
New York 399 909 966—3 7 0
Andujar, Neison (6/. Leiser (8), Howell (8/
and Steinboch: Hielara, Staddard (4), Guidary
(9/ and Carona, W—Andujor, 1-6, L—Niekra, 33, Sv—Howell (8), HRs—Oakland, Steinboch
(4/. Davis [11/.

(4(. Dovis [11(. Seefite 999 214 382—12 18 8 8861ffmore 999 688 999—6 7 2 Acrgan and Ksarney; Belt, O'Connor (4(. Williamson (7), Hiedenguer (9) and Kennedy, Van Gorder (9), W—Morgan, 5-5. L—Belt, 5-2. HRs—Seafife, Valle (5), Presiev 2 (9).

surheri; Canasani, rusani, and Bando, W.—Cleor. 4-1. L.—Hulamoru, 0-1.
Sy.—Pleac, (1. HRs.—Cleveland, Carter (12f.
M. Hall (7). Milwaukse, Deer (11f.
Califernia 888 888 888 9-3 3 8
Yarnaha 888 888 889 1-4 7 8
POCIfic Coast League.
PITTSBURGH—Cotland Loson Eceley.

Mots Wilonder. (6). Eweden, det. Acron Krickstein. U.3, 6-1. 6-7 (3-7), 6-0. 6-2. Yeanick Nooft, (6), France, det. Michiel Schapers, The Netherlands. 6-4, 6-3, 6-2. L Jorge Arrese, Spain,

nokov, Soviet Union, 5-7, 4-4, 7-5, 6-3.

4-9, 1-9, 1-9, 4-9, 4-9, 4-9, 8-2.
Ricky Osterflun, West Germany, del. Domir Kerelte, West Germany, 4-2, 5-1, 4-2, 4-4.
Kent Carlsson, [(11, Sweden, del. Francisco
Yunis, Argentino, 7-5, 6-2, 6-1.
Torik Benhabiles, Ermico, del Andrei Fran-

BASEBALL

Fourth Round

Jaite (14), Argentino, 74 (7-1), 6-4, 6-7 (0-7), 6-3.
Andrea Garnez (18), Coundor, del. Emillo Sonchez, Spoth, 5-7, 1-6, 7-6 (1-44, 7-5, 6-4.
Mitoslav Medir (5), Czechoslovakladet, Potrice Kuchna, France, 6-0, 6-1, 6-3.

Jackim Nystrom, Sweden, led Ivan Landi (1). Czechoslovakia. 6-2, 1-6, 7-5, 0-4 (dorkness). Fourth Round Steffi Graf. (2), West Germany. Kelesi, Canada, 7-4 (7-31- 4-2. Manuela Moleeva, (6), Bulgar

Schimper. South Africa, 64, 64. son, Sweden, 4-1, 4-4 Cloudia Kohde-Klisch ISI, West Germany.

def. Nathalle Tauzkat. France, 6-1, 3-6, 6-0. Carls Evert (31, U.S., det. Katerina Malcova (121. Bulgaria, 6-3. 6-1. Marting Novratilova (11. U.S., def. Sylvia Hanika (15), West Germany, 6-0, 6-2. Ratioelle Regal (141. Italy, def. Helena Su-

Transition BASKETBALL

CALIFORNIA—Ploced Dennie Moore.
Pitcher, on the 15-day disabled list. Activated John Candeloria, Pitcher, from the 15-day disabled list.
CLEVELAND—Sent Ernie Comocho, Marchish in Builde and Accelerations. the Introgene of the FISA Edition Commence playoff game. United States Basketball Leogue MIAM!—Signed Anthony Grent and Chaur pitcher, outright in Buffold of the American Association, Recalled Mike Armstrong, pitch-

National Basketball Association NBA—Fined Robert Parish, Boston cente

Association, Received Mike Armstrong, pftcher, from Buffalo.

DETROIT—Activated Willie Hernandez, pftcher, from the 15-day disobled list. Placed Darnell Cotes. Infeliater, on the 15-day disobled list. Sent Bifty Bean, outfielder, to Toledo of the International League. Purchased the contract of Jim Walewander, infielder, from Teledo.

All LWAUKEE—Purchased the contract of Len Barker, pitcher, from Denver of the American Association.

National League cey Robinson, guards.
* PHILADELPHIA-Signed Darryl Coriey, STATEH ISLAND—Signed Sean Couch and Zieris, guords. FOOTBALL

National Football League Hatlanal Football League CINCINNATI—Signed SkipMcClean angles and ensive end.
DETROIT—Signed Stanley Edwords and DETROIT—Signed Stanley Edwords and Karl Bernard, runnine bocks, Steve Bird, wide receiver, Kevin Suenois, punter, Ron Kasor, center, and Lee Saitz, quarterbock, GREEH BAY—Signed Ken Stills, safety, lo series of one-year contracts. Signed Kevin Withite and Kelly Cook, running bocks, Crole Jov. Fight and Ketth Paskett and Devid Dyas, wide presents. W.C. Nils, conterposits, and er, and Scatt Little, minor-league outfielder. In the Pittsburgh Pirotes for Bill Almon, in-fielder-outfielder. Place David Cone, pitcher,

> Sprenger, publicist, is leaving the team la direct activities surrounding the 50th anniver-sary of the NCAA Final Four. Signed Babe NEW ENGLAND-Stoned Joe Peterson.

> > **Auto Racing**

MONACO GRAND PRIX

 10 Fact, 1907, Seneron, of 2 1009
 1. Aldo Prost, France, McLaren, of 3 lops
 10. Setory Nakajima, Japon, Lotus, of 3 lops
 DRIVER STANDINGS
 1. Aldin Prost, France, McLaren, (8 points
 2. Ayrion Senso, Brazil, Lotus, 15
 1. Staton Japansson, Sweden, McLaren, 13 i. Niget Monsell, Britain, Williams, 10 i. Michele Alboreto, Italy, Perruri 8 f. Gerhard Berger, Austria, Ferruri 4 i. Andrea de Cesaris, Italy, Brobhom, 200: Eintrocht Frankfurt 20; Hemburs (8: Fer-tung Dosseldort 17: Blou-Weiss Berlin II. SNGLISH F(RST DIVISION Leeds (Chortton 2 (Chortton remains in

Basketball

EASTERN COMPERENCE FINALS

May 19: Boston (D4. Detroil 9) May 28: Detroit \$13, Boston 10

x-June 14: Boston et Los Angeles x-June 16: Boston at Los Angeles

goals: Webb 2 Japan — Try: Katsutumi Miyamato, Per Nattime - England, 14-7

AUSTRALIA 47. UNITED STATES 12
Australia -- Tries: Andrew Leeds 2. David
Compese, Andrew Stack, Breit Powworth, Briansmith, David Codey; one penoity try. Conversions: Michoel Lynosh 6. Penoity gool:
Lynosh.
Usited States -- Try: Rov Netson. Dropped
Ggot: Dave Harron. Coeversion: Netson. Penentry gool: Netson.

atty soul: Neison. Halfilme — Australia. 21-3. POINT STAHDINGS: Australia 4: End land, United States 2: Japon 8 GROUP 2 (Al Dunedin, New Zeolood) IRELAND 44, CANADA 19

Ireland - Tries: Kelip Crosson 2 Micho Bradley, Brian Spillane, Trevor Ringland Hugo Macnelli, Drapped seals: Michael Kier

GROUP 3 (Al Dusedin, Hew Zeolo ITALY IL FIJI 15 Italy — Tries: Morcella Curita, Giancaria Cecciella, Massima Mascioletti, Dropped 9001; Oscar Collede, Penatty 9001; Calledo, Fiji — Try: Salacieli Nalvillivasa, Dropped

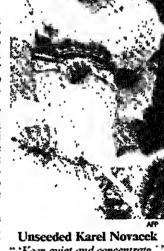
620UP 4 (A1 Wellington, New Zealand)
SCOTLAND 60, ZIMBABWE 21
Scotland — Tries: Alan Toli 2, Join Paxton 2,
Mott Duncan 2, Iwan Tukale 2, Greia Oliver, John Jeffrey, Gavin Haslings. Con

Srobier S. Halffline — Scalland, 40-á. POINT STANDINGS: France, Scatland 3; Romania 2: Zimbabwe 0

Kuchna, 6-0, 6-1, 6-3. Novacek missed a match point in the third set, which he dropped on

"But I said to myself, 'Keep quiet and concentrate.

had lost just one set prior 10 meeting Novocek.



Keep quiet and concentrate.* **

has won 36 straight matches. Evert's next opponent will be the 14th seed. Italy's Raffaela Reggi,

Sukova of Czechoslovakia, 6-3, 4-6, 6-2, on Sunday. Navratilova, who has not won a

Wilander, the best clay-ourt who registered a minor upset in eliminating fifth-seeded Helena

PARIS — It sounds magical: two weeks in Paris in the spring, playing on clay courts that caress instead of pound the body and a chance to win a

grand slam tennis championship. But the reality of the French Open can be far from idyllic. The players appreciate the restaurants, shops and sights of the capital, but they also note that the two-week tournament at the Roland Garros complex near the Bois de Boulogne poses challenges

not present at the other grand slam stops.

beautiful - azure skies, warm temperatures, chestnut trees lining the boulevards. But it can also be awful. Last year's semifinal between Ivan lendl and Johan Kriek was played in a drizzly 5-6 degrees centigrade (the low 40s Fahrenheit). Although it

has not been that had so far this time, topcoats and heavy sweaters have been needed periodically. The weather can go from sunshine one minute to rain the next. "It's not the most predictable place," said Chris Evert, the defending women's champion. When the sun's out, the balls fly. When it's rainy, they get heavy. It's like playing two different tournaments when the weather conditions change so drastically. That's why certain players play

better on certain days." A French player, Eric Winogradsky, figured he needed wet conditions to slow the ball down for a chance against third-seeded Stefan Edberg in last week's second round. Showers gave him just what he wanted, and Winogradsky, ranked 152d in the world, beat the Australian Open champion in straight sets.

Like Wimbledon and the Australian Open site near Melbourne — and unlike the U.S. Open complex in New York - Roland Garros has no stadium lights. But because the French Open is played less than a month before the loogest day of

the year, matches can continue well into the eve-

Men's matches in grand slam events are hest-offive sets. On the hard courts of New York, they last two to two and a-half hours; on the slow clay of Roland Garros, where patience is often more of a factor than speed and power, an hour is added to

with as quickly as possible, such as defending Wimbledon champions Martina Navratilova and Boris Becker, are more vulnerable here. The French Open is a social event in Paris and a source of national pride. French players load up both men's and women's draws. In the early rounds, matches involving French players, no matter their ranking, often are placed on center court,

while seeds from other countries are shunted to cramped side courts. Despite the drawbacks, the players say that the French Open has special appeal. "On most of the outside courts, it's so quiet because of the trees all around. It blocks the noise. It's almost as if you're wearing earmuffs," Kriek said. The parklike surroundings, with crowds full of life but never rowdy, are different from the hushed tones and ivycovered walls of Wimbledon, the country-fair feeling of the Australian Open, or the suhway and airport noise of Flushing Meadow. "At Flushing

Meadow, you should wear earmuffs," Kriek said. There also is a certain distance between most of the players and fans. Although Frenchman Yannick Noah is mobbed wherever he goes, the Beckers and Navratilovas can walk the grounds

"I enjoy this event for a lot of reasons," said

TORKES 205 201 406—18 18 0 Konstos City 110 607 191—5 8 0 Hough, Williams (91 and Hours 197; Gubliczs, Gursper (2), Farr (5), Gleaten (7), Quisenberry (9) and Quirk, Oven (91, W—Hough, 5-11.L—Gübliczs, 3-6. HR3—Texas, Parrish (111, O'Brien (10), Kansos City, B. Jockson 2 [91, NATIONAL LEAGUE RATIONAL LEAGUE
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Points: Bertiesux (champion) 53; Marseille 49; Toulouse 44; Auxerre 45; Monaca
43; Matz. Peris 56; 41; Brog 30; Lans, Nico 37;
Lovol 36; Lilte, Nortes, RC Peris 34; Sainttienne, Le Hovre, Toulon 32; Sochaux 30;
Noncy 29; Rennes (7.
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NBA Playoffs

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NBA Title Series

June 2: Boston of Los Angeles June 4: Boston of Los Angeles June 7: Los Angeles of Boston June 9: Los Angeles of Boston x-Jene 11: Los Angeles of Boston

World Cup Rugby

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(78 Leps. 299-584 Kilometers/161,364 Miles)
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GROUP 1

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ENGLAND 48, JAPAN 7

England — Tries: Alike Harrison J. Rory

Underwood 2. Jamie Salmon, Kevin Simms

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Canada — Try: Mork Cardinal. Dropped stal: Goraffi Rees. Penalty soals: Rees J. Vark Wyatt. Hatffime — Ireland, 16-12. POINT STANDINGS: Wales 4; Conado, Ire-

5. Jonothan Palmer, Britain, Tyrrell, of 2 Goal: Manasa Goro: Conversion: Severo Ker educing: Penalty goals: Korodu - Italy, 10-3. POINT STANDINGS: Hew Zealand 4; Ar

we -- Try: Dirk Bultengag. Conve

A Courtly if All-Weather Tournament

that average. Clay favors players with strategic baseline games; Evert calls the French Open "a thinking tournament." Players who like to get a point over The weather is foremost. Spring in Paris can be

relatively undisturbed.

Jimmy Connors, the No. 8 men's seed. "I enjoy Paris. My wife and family enjoy Paris. And a little tennis on the side doesn't hurt anyone,"

Chicago Chicago Wonfreal Yew York Philodelphi

supplying grants to builders. where miniary isw approx, was without the

Landmark Conservation

By Benjamin Forgey WASHINGTON — The pin-nacled stone tower of a massive Romanesque revival build-ing, popularly called the Old Post Office, today stands proudly on Pennsylvania Avenue in downtown Washington. It has been cleaned and equipped with a new set of bells, it serves as an ideal vantage point for visitors to the capital city, and it is a splendid reminder of a victory in one of the longest and hardest fought preservation controversies in the United States.

It also is an excellent symbol of how far the preservation movement has progressed, and how sig-nificantly architectural attitudes have changed. Few are the cities of any size that cannot boast of an "Old Post Office" — a derelict city hall, an unused school building an abandoned warehouse now restored and put to new economic use. Several have become civic cen-

terpieces and magnets for revived activity in decaying downtowns. Boston's Faneuil Hall and Quincy Market, restored and expanded to become a festive marketplace in 1976, were the focal points of the first of such major projects. The 1891 Jackson Brewery in New Orleans's Vieux Carré, abandoned in the early 1970s, reopened in 1984 with a sparkling new retail life inside the old shell. Union Station in St. Louis, the biggest single-level passenger terminal in Planners had called for its de-the world when it was completed struction for five decades — it in 1894, but abandoned by the railroads in 1978, was reopened last year as a hotel and retail center. Costing more than \$150 million, it is one of the country's largest-ever projects combining superb restoration with new con-

Most projects are not so grand - they have become beacons for more modest neighborhood or Main Street revivals, arracting new capital for both rehabilitation and new buildings. A turnof-the-century warehouse in Durbam, North Carnlina, for history, including entire districts instance, has become "Brighth- as well as prominent individual ouse Square," an assortment nf successful upscale shops, Bulfinch Square, a long-ignored complex of 19th-century courthouse buildings in East Cambridge, Massachusetts, has been judi-



The Old Post Office building's tower.

ciously renovated for theater, office and restaurant use. The entire city of Lowell, Massachusetts, decimated by the demise of its textile industry, has been reborn as a tourist attraction and locatinn for high-technology offices and research laboratories - primarily as a result of many sepa-rate restorations of the nld mills.

For many of these projects, large or small, the pangs of re-birth have been difficult, Washington's Old Post Office is a quintessential example. Like many landmarks, it survived for years by a sort of benign neglect. Planners had called for its dewas seen as a monumentally embarrassing piece of bad taste in the framework of the city's official. classic revival style - but they lacked the money actually to tear it down. As a result it was a sorry-looking thing — filthy out-side and inside — when yet an-other proposal for demolition surfaced in the late 1960s.

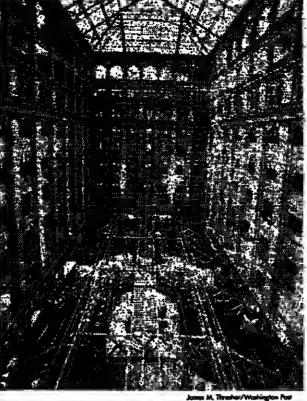
Fortunately, this proposal coincided with a slowly broadening awareness of the preservation ethic. Local citizens, outraged at the destruction of much of the city's as well as prominent individual landmarks, in favor of bland or genuinely offensive modern office buildings, were able, over the course of a decade, to march, sue, labby and generally to stall the federal government until a turnaround occurred. The building with its great interior atrium beautifully restored by Washington architect Arthur Cotton Moore, a sequence of shops de-signed by Benjamin Thompson & Associates of Boston (the firm responsible for Fancail Hall), and a fitting "site-specific" sculpture by California artist Robert Irwin reopened in 1983.

It is a story repeated across the country. The popular revolt against modern architecture — at east as practiced by governments in federally financed public housing projects and speculative builders and their architects in center cities throughout the country — was taking place at the same time as an intellectual rebellion in the architectural profes-

In 1966 Congress adopted the National Historic Preservation Act mandating a national register of landmark properties and stim-ulating a remarkable expansion of preservation agencies on the state and local level. (There were but a bandful of such agencies at the time; now there are more than 1,200.) In 1967 Philadelphia architect Robert Venturi published a book, "Complexity and Contradiction in Architecture," that is widely regarded as the crucial opening salvn in the United States of a break with the mod-

ernist tradition. What has evolved is a loose convergence of interests. The preservation movement has grown increasingly sophisticated focusing upon economic vitality as the key to retention of historic assets and backed by new institutional muscle. The financial key to the recent surge of preservation activity is the revision of the federal tax laws, which for years discriminated against preservation by allowing more generous depre-ciation schedules for new construction. This changed dramatically in 1981 when, for the first time, substantial income tax credits were offered for the rehabilitation of historic structures.

Since then, according to the National Trust for Historic Preservation, more than \$2 billion per year of private capital -a tenfold increase over the late 1970s — has been spent on historic rehabilitation. The fact that these tax cred-



Interior of the Old Post Office building in Washington.

the movement's strength and pop-

ularity.
Architects, simultaneously, were becoming increasingly aware of history. Probably more important than the new stylistic ecclecticism of the 1970s and 1980s - a worldwide phenomenon loosely termed "Post Modernism" - has been the willingness of the best architects to make the existing physical context of the city the starting point for new designs. Cities throughout the country have become laboratories for ideas about how to fit new construction into the old urban texture. This has contributed significantly to renewed economic life and civic pride in center cities, an important advantage in their stiff competition with burgeoning

suburban centers. By no means are all of the experiments successful. The tremendous size of many new additions makes aesthetically pleasing re-sults difficult — the Helmsley Palace Hotel, towering brutally behind McKim, Mead & White's

its were retained (though at lower rates) in the sweeping Tax Reform Act of 1986 is a measure of eggregions example of the new overpowering the old.

> But for every defeat there is a remarkable victory — Mitchell-Giurgola's adept, sleek additions to Louis Sullivan's masterful, prototypical 1892 skyscraper, the Wainwright Building in St. Louis; Graham Gund's sensitive package of selective demolition, renovation and new construction at Bulfinch Square in East Cambridge; and Hartman-Cox's huge, and hugely successful, new office building massed behind several low-scale 19th-century pieces on Pennsylvania Avenue in Washington — to name just three.

Graham Davidson, an architect with the Hartman-Cox firm. spoke for many in the architecturd profession when he said of the latter project: "We set aside our experience of 10 or 20 years and the architectoral history of the last 50 or 60 to use a different manner of designing, of making a building of thinking."

Benjamin Forgey is the architecbeautiful Renaissance-style Vil- ture critic of The Washington Post.

LANGUAGE

The Return of the 17-Year Cicada

By William Safire

WASHINGTON — Seventeen years ago, the na-tion's campuses were crupting with demonstra-tions against the war in Vietnam, the best-selling novel was Erich Segal's "Love Story," the most popular film was "Patton" and the top song was Simon and Gar-funkel's "Bridge Over Troubled Water," and throughout the Eastern United States you could hardly hear yourself think because of the chirping of the male

Like Richard Nixon, the cicadas disappeared and have now made a comeback. Brood-10 cicadas - this year's variety of the inch-long winged insects wrongly referred to as "17-year locusts" — are already hanging from the fruit trees and dropping by the millions on

from the fruit trees and dropping by the millions on chinging suburban passersby.

Cicada, pronounced si-KAY-da, is one of those words you need only once every 17 years, and then you need it badly. It is not a locust, which destructively chews, whereas the cicada harmlessty sucks (I fully expect bumper stickers announcing "Cicadas Suck" on teen-agers' cars in my neighborhood), and furthermore this all-too-reliable visitor, with the longest developmental cycle of any insect, is better than Halley's comet for marking eras.

comet for marking eras.

The Latin name cicada is echoic, which means "imitative of the sound made by the thing it denotes," sometimes called onomatopoeic by the crowd that prefers longer Greek derivations. (Greek-speakers will call the same insect the tertix, because that's the way the call of the cicada or tree cricket sounded to ancient Athenian suburbanites; thet ticking sound hardly re-sembles the whirring buzz of the Latin term. Perhaps an unpopular Brood-10 leader once said: "Tettix, tettix doesn't attract females for me anymore - what

If I try cicada?)

I don't know why the word is classified in dictionaries as echoic. Today the noise made by the insect does not sound like si-KAY-da to me; the disturbance squawk sounds like BRA-A-ACK; the congregational song, BUZZ-AYE-EE, and the mating call I am reluctant to commit to print lest the unsuspecting reader say it aloud and be swarmed over.

In newspaper stories and television broadcasts about this visitation, the definition is likely to be "a homopterous tree cricket," although crickets are of a different order of insect. People often use a scientific word like homopterous without a definition because it sounds pompously technical, as if to say: "I looked it up, and that's what it says in the dictionary; don't bother me with the meaning."

In the tribe of invertebrate animals called arthropods, there is a class labeled Insecta, within which we find an order called Homoptera. Entomologists know that the key element of this name is pter, from the Greek pteron, meaning "wing"; this type of winged insect is of an order with sucking mouthparts. (Entomon is the Greek word for "insect"; etymos is Greek for "true," particularly "the literal meaning according

Poetry lovers will note that poets prefer the Italian word cicala, to the Latin cicada. Byron, in "Don Juan," wrote of "the shrill cicalas, people of the pine," and Tennyson noted, "At eve a dry cicala sung," That was the spelling also used by W. Rhys Roberts in translating one of my earliest predecessors, a Greek

work on prose style, now known as "De Elocutione," around the third century B.C. I tripped over this book. published in 1902 by Cambridge University Press, while browsing at Booked Up, a bookstore in Georgetown owned by Larry McMurtry, the novelist. (Owning a bookstore gives a writer an edge.)

Demetrius was impressed with allegorical language, and found delight in the brevity and force of messages that took advantage of widely known allusions. One example he gives is that of the defiant message of the Lacedaemonians to the threatening Philip, which read simply: "Dionysius at Corinth." As Demetrius puts it. "If they had expanded the thought at full length, saying Dionysius has been deposed from his sovereignty and is now a beggarly schoolmaster at Corinth, the result would have been a bit of narrative rather than a taunt."

The Greek rhetorician again used Dionysius the Younger, tyrant of Syracuse, as an example of the (What has this to do with the damned noisy insects?
Stick around.) "Great lords and ladies dislike to hear their own faults mentioned," writes Demetrius. "Accordingly, when counseling them to refrain from faults, we shall not speak in direct terms. We shall, rather, blame some other persons who have acted in the same way. For example, in addressing the tyrant Dionysius, we shall inveigh against the tyrant Phalaris and his cruelty.

The hearer is admonished without feeling himself censured." In modern times, this covert allusion has become known as the Adulatory Admonition of the White House Counsel.

DEMETRIUS has a final example of the Lacedae monisus' natural turn toward the powerful use of language. "Brevity is, indeed, more forcible and peremptory," he writes, "while prolixity is suited for begging and praying. For this reason, symbolic express: sions are forcible, as resembling brief utterances. We are left to infer the chief of the meaning from a short statement, as though it were a sort of riddle."

He cites the saying of the menacing Dionysius that the despot made before he was deposed and became a poorly paid teacher of thetoric in Corinth: "Your cicalas shall chirp from the ground." Comments Demetrius on that allegorical threat referring to the crickets that live in the trees; "The saying Your cicains shall chirp from the ground' is more forcible in this figurative form than if the sentence had simply run, Your trees shall be hewed down."

The summer song of the cicada has been sung for thousands of years. Not only did it provide the ancients with allegerical amminion to decide former big shots reduced to miserable teachers of rhetoric, but also the damned recurrent chirping down the corridors of time has provided suitable allegorical material for

writers on language.
I commend the ancient word picture to our armscontrol negotiators in Geneva; when the Soviet statements resound with Dionysian rodomontade, come right back with a cool "Your cicalas (or cicadas) shall chirp from the ground." Let the decoding computer. at the KGB figure that one out.

New York Times Service

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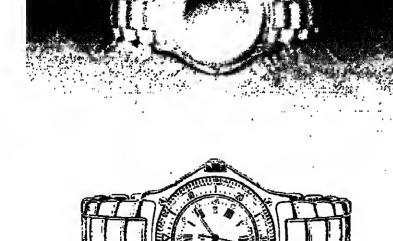
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